

6592. By Mr. WATSON: Resolution adopted by the Pomona Grange, No. 22, of Bucks and Philadelphia Counties, Pa., in favor of changing the system of electing the President and Vice President of the United States; to the Committee on Election of President, Vice President, and Representatives in Congress.

## SENATE.

THURSDAY, December 14, 1922.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Lord, Thou hast ordained the bounds of our habitation, the number of our months is with Thee, but amid the changing scenes of life we rejoice that Thou art from everlasting to everlasting God. Unto Thee can we come at all times, whatever may be the distress or the responsibility. We humbly ask that this day may find us fulfilling Thy good pleasure. Through Jesus Christ. Amen.

WILLIAM H. KING, a Senator from the State of Utah, appeared in his seat to-day.

The reading clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. CURTIS, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

A bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes; and

A joint resolution (H. J. Res. 408) authorizing payment of the salaries of the officers and employees of Congress for December, 1922, on the 20th day of that month.

### CREDENTIALS OF SENATOR ASHURST.

Mr. CAMERON. I present the credentials of the senior Senator from Arizona [Mr. ASHURST], and ask to have them read.

The credentials were read and ordered to be placed on file, as follows:

STATE OF ARIZONA,  
Office of the Secretary.

UNITED STATES OF AMERICA, State of Arizona, ss:

I, Ernest R. Hall, secretary of state, do hereby certify that on December 7, 1922, I made an official canvass of the returns made to this office by the boards of supervisors of every county in the State, and I find that HENRY F. ASHURST, Democratic candidate for United States Senate, at the general election held on November 7, 1922, received the highest number of votes for said office, as appears by the official returns and approved by the official canvass and now on file in this office, and was, therefore, elected United States Senator from Arizona.

In witness whereof I have hereunto set my hand and affixed my official seal. Done at Phoenix, the capital, this 7th day of December, A. D. 1922.

[SEAL.]

ERNEST R. HALL,  
Secretary of State.

### PETITIONS AND MEMORIALS.

Mr. CAPPER. I ask unanimous consent to have printed in the RECORD a resolution adopted by the National Board of Farm Organizations in opposition to the ship subsidy measure. I ask that the resolution may be referred to the Committee on Commerce.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Resolution adopted by the semiannual conference of the National Board of Farm Organizations, held at Washington, D. C., October 11-13, 1922.

Whereas it is apparent that the question of granting subsidies to our merchant shipping will soon be brought to a vote in Congress; and Whereas the farmers of the United States have been traditionally opposed to the granting of such subsidies; and

Whereas the plan embodied in the Jones-Greene bill which is now under consideration contains many provisions that are extremely objectionable and would, in our opinion, be detrimental to the best interest of the country as a whole if enacted: Therefore be it

Resolved, That this body record an emphatic protest against the passage of this proposed legislation.

Mr. CAPPER presented a resolution adopted by the Federated Shop Crafts of Parsons, Kans., favoring the enactment of legislation to prohibit immigration, which was referred to the Committee on Immigration.

Mr. SHEPPARD presented the petition of C. P. Sites and sundry other citizens, of Dallas, Tex., praying that prompt help be extended by the Federal Government to the suffering peoples of the Near East, which was referred to the Committee on Foreign Relations.

Mr. LADD presented petitions of Herman Huhn and 3 others, of Anamoose; Ferdinand Novak and 3 others, of Lankin; Alfred Strokchein and 3 others, of Elgin; John S. Behan and 2 others, of Mohall; Thomas M. Fleming and 4 others, of Ellendale; Paul Paulsen and 10 others, of Powers Lake; J. A. Dittman and 9 others, of Ray; Ole C. Kjerheim and 8 others, of Olsen; Joseph Martineau and 7 others, of Leroy; and A. H. Hammond and 37 others, of Grand Forks County, all in the State of North Dakota, praying for the enactment of legislation stabilizing the prices of wheat, which were referred to the Committee on Agriculture and Forestry.

### REGULATION OF OPTOMETRY IN THE DISTRICT.

Mr. BALL, from the Committee on the District of Columbia, to which was referred the bill (S. 2822) to regulate the practice of optometry in the District of Columbia, reported it with amendments, and submitted a report (No. 942) thereon.

### LITTLE CALUMET RIVER BRIDGE, ILLINOIS.

Mr. CALDER. I report back favorably without amendment from the Committee on Commerce the bill (S. 4031) to authorize the construction of a bridge across the Little Calumet River, in Cook County, State of Illinois, at or near the village of Riverdale, in said county, and I submit a report (No. 943) thereon. I ask unanimous consent for the consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

*Be it enacted, etc.,* That the State of Illinois, the county of Cook, or the city of Chicago, separately or jointly, its successors and assigns, be, and they are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Little Calumet River at a point suitable to the interests of navigation, at or near the village of Riverdale, in Cook County, Ill., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

### KANKAKEE RIVER BRIDGES, ILLINOIS.

Mr. CALDER. I report back favorably without amendment from the Committee on Commerce the bill (S. 4032) granting the consent of Congress to the State of Illinois, department of public works and buildings, division of highways, to construct, maintain, and operate a bridge and approaches thereto across the Kankakee River, in the county of Kankakee, State of Illinois, between section 5, township 30 north, and section 32, township 31 north, range 13 east, of the third principal meridian, and I submit a report (No. 944) thereon. I ask unanimous consent for the consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the State of Illinois, department of public works and buildings, division of highways, to construct, maintain, and operate a bridge and approaches thereto across the Kankakee River, in the county of Kankakee, State of Illinois, between section 5, township 30 north, and section 32, township 31 north, range 13 east of the third principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. CALDER. I report back favorably without amendment from the Committee on Commerce the bill (S. 4033) granting the consent of Congress to the State of Illinois, department of public works and buildings, division of highways, to construct, maintain, and operate a bridge and approaches thereto across the Kankakee River, in the county of Kankakee, State of Illinois, between section 6, township 30 north, and section 31, township 31 north, range 12 east of the third principal meridian, and I submit a report (No. 945) thereon. I ask unanimous consent for the consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the State of Illinois, department of public works and buildings, division of highways, to construct, maintain, and operate a bridge and approaches thereto across the Kankakee River, in the county

of Kankakee, State of Illinois, between section 6, township 30 north, and section 31, township 31 north, range 12 east of the third principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### COLORADO RIVER BRIDGE NEAR YUMA.

Mr. CALDER. I report back favorably without amendment from the Committee on Commerce the bill (S. 4069) to authorize the construction of a railroad bridge across the Colorado River near Yuma, Ariz., and I submit a report (No. 946) thereon. I ask unanimous consent for the consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

*Be it enacted, etc.,* That the Southern Pacific Railroad Co., a corporation of the States of California, Arizona, and New Mexico, its successors and assigns, be, and it is hereby, authorized to construct, maintain, and operate a railroad bridge and approaches thereto across the Colorado River, at a point suitable to the interests of navigation, between School Hill, in the Yuma Indian Reservation, in Imperial County, State of California, and Penitentiary Hill, in the town of Yuma, Yuma County, State of Arizona, such bridge to be upstream and easterly from the present highway bridge across the Colorado River between said points, and to be constructed and maintained in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### MEMORIAL BRIDGE ACROSS DELAWARE RIVER.

Mr. CALDER. I report back favorably with amendments from the Committee on Commerce the joint resolution (S. J. Res. 249) providing for the construction of a memorial bridge across the Delaware River at the point where Washington and his troops crossed said stream on the night of December 25 and the day of December 26, 1776.

The amendment to the joint resolution was, on page 3, line 5, after the numerals "1926" and before the period, to insert a colon and the following proviso:

*Provided,* That the bridge shall be so located and built as not to unreasonably obstruct navigation, and to secure this object the structure shall not be commenced until the plans and location have been approved by the Secretary of War and the Chief of Engineers.

So as to make the joint resolution read:

Whereas on the night of December 25 and the day of the 26th, 1776, Washington crossed the Delaware and won the Battle of Trenton, and as December 25 and 26, 1926, will be the one hundred and fiftieth anniversary of this significant event in the Revolutionary struggle for the cause of liberty, and as there has meanwhile been no fitting memorial erected at this spot; and

Whereas the States of New Jersey and Pennsylvania have commenced the establishment of suitable historical parks on the two sides of the Delaware River and have developed a plan which contemplates connecting these parks by a memorial bridge which will be composed of 13 sections which will suitably commemorate the part performed by each of the Colonies; and

Whereas the other Colonies share equally with New Jersey and Pennsylvania in the glory and benefits of this notable Revolutionary victory; and

Whereas it is estimated that the memorial bridge will require the expenditure of \$800,000; and

Whereas it is proposed that the States of New Jersey and Pennsylvania shall each contribute one-quarter of this sum: Therefore be it *Resolved, etc.,* That Congress hereby indorses the foregoing project and hereby appropriates, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$400,000 toward the construction of a memorial bridge across the Delaware River at the point where Washington and his troops crossed the said stream on the night of December 25 and the day of December 26, 1776, the above sum to be available in four equal parts during the intervening years to secure the completion of the bridge prior to December 26, 1926.

SEC. 2. That a National Washington Crossing Commission be, and is hereby, authorized, to consist of 15 members, 5 to be appointed by the President of the United States, and 5 each by the Governors of the States of New Jersey and Pennsylvania, with full powers to develop the plans and proceed with their completion and execution and with instructions to use all reasonable expedition so that the work may be finished and ready for dedication on December 26, 1926: *Provided,* That the bridge shall be so located, etc.

Mr. FLETCHER. I ask the Senator from New York if all these bridges are not constructed under the act of Congress?

Mr. CALDER. That clause is in all bridge bills, but the introducer of this joint resolution omitted it, and so we put it in.

Mr. FLETCHER. I ask the Senator whether it is to be a toll bridge or free?

Mr. CALDER. They are all free.

The amendment was agreed to.

The joint resolution was reported to the Senate as amended, and the amendment was concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The amendment to the preamble was in line 2 of the second whereas to strike out the word "establishment" and insert "establishment."

The amendment was agreed to.

The preamble, as amended, was agreed to.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. STERLING:

A bill (S. 4167) to amend an act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, in order to extend the benefits of said act to certain employees in the Panama Canal Zone; to the Committee on Civil Service.

By Mr. McNARY:

A bill (S. 4168) to extend for one year the powers of the War Finance Corporation; to the Committee on Finance.

By Mr. McKINLEY:

A bill (S. 4169) granting the consent of Congress to the city of Aurora, Kane County, Ill., a municipal corporation, to construct, maintain, and operate a bridge across the Fox River; to the Committee on Commerce.

By Mr. WATSON:

A bill (S. 4170) granting a pension to Lewis V. Boyle; to the Committee on Pensions.

By Mr. RANDELL:

A bill (S. 4171) for the examination and survey of the Intracoastal Canal from the Mississippi River at or near New Orleans, La., to Corpus Christi, Tex.; to the Committee on Commerce.

#### THE MERCHANT MARINE.

Mr. BROOKHART submitted an amendment intended to be proposed by him to the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, which was ordered to lie on the table and to be printed.

#### HOUSE BILL AND JOINT RESOLUTION REFERRED.

The following bill and joint resolution were each read twice by title and referred to the Committee on Appropriations:

A bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes; and

A joint resolution (H. J. Res. 408) authorizing payment of the salaries of the officers and employees of Congress for December, 1922, on the 20th day of that month.

#### APPROPRIATIONS FOR DEPARTMENTS OF STATE AND JUSTICE.

Mr. CURTIS. I ask unanimous consent that the Senate proceed to the consideration of the bill (H. R. 13232) making appropriations for the Departments of State and Justice and for the judiciary for the fiscal year ending June 30, 1924, and for other purposes.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Kansas?

Mr. FLETCHER. I think we ought to have a quorum. There are a number of Senators absent who are interested in the bill.

Mr. CURTIS. I was going to ask for a quorum after we got the bill up for consideration.

Mr. FLETCHER. I have no objection to that course.

Mr. ROBINSON. If there is to be a quorum call, I suggest that that action be taken before the Senate proceeds to the consideration of the bill, so that Senators who are not now present may have an opportunity to object to the consideration of the bill if they see proper to do so. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Lodge	Simmons
Ball	George	McCumber	Smoot
Bayard	Glass	McKellar	Spencer
Borah	Gooding	McKinley	Sutherland
Brandegee	Harrell	McNary	Trammell
Cameron	Harris	Nelson	Underwood
Capper	Harrison	New	Wadsworth
Colt	Heflin	Nicholson	Walsh, Mass.
Couzens	Johnson	Norris	Warren
Culberson	Jones, Wash.	Overman	Weller
Cummins	Kellogg	Page	Williams
Curtis	Kendrick	Phipps	
Dial	Keyes	Reed, Pa.	
Dillingham	Ladd	Robinson	
Ernst	Lenroot	Sheppard	



Mr. CURTIS. I was requested to announce the absence on official business of the Senator from Wisconsin [Mr. LA FOLLETTE], the Senator from New Mexico [Mr. JONES], and the Senator from Iowa [Mr. BROOKHART].

I was also requested to announce that the Senator from Ohio [Mr. WILLIS] is necessarily absent because of illness in his family.

The VICE PRESIDENT. Fifty-seven Senators have answered to their names. A quorum is present. The Senator from Kansas [Mr. CURTIS] has asked unanimous consent that the Senate proceed to the consideration of House bill 13232, making appropriations for the Departments of State and Justice and for the judiciary for the fiscal year ending June 30, 1924, and for other purposes.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. CURTIS. I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be considered first.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The reading clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, on page 14, line 9, to increase the appropriation for post allowances to diplomatic and consular officers from \$150,000 to \$200,000.

Mr. ROBINSON. Mr. President, this amendment carries an increase of \$50,000 over the appropriation authorized by the House of Representatives. I think the Senator in charge of the bill should make an explanation of the necessity for the increase.

Mr. CURTIS. There was a very full and complete hearing before the House Committee and also before the Senate Committee in reference to the matter. After hearing the Secretary of State, in view of the fact that there was an appropriation for this purpose last year of \$200,000, the demands upon which were so great that there may be a deficit reported, and inasmuch as \$200,000 were estimated by the department for this year and that estimate was allowed after careful consideration by the Budget Bureau, and as the official who appeared before the committee stated that it would be impossible to get along without the \$200,000, the subcommittee recommended to the full committee that amount; and the full committee, after considering the matter very carefully, also recommended the increase.

Mr. ROBINSON. Mr. President, the provision is somewhat exceptional in character. It reads as follows:

To enable the President, in his discretion, and in accordance with such regulations as he may prescribe, to make special allowances by way of additional compensation to diplomatic and consular officers and consular assistants and officers of the United States Court for China in order to adjust their official income to the ascertained cost of living at the posts to which they may be assigned.

As the committee proposes the sum of \$200,000 is fixed, while as passed by the House of Representatives \$150,000 were allowed. This provision, if enacted into law, would give the President unlimited authority within the amount of the appropriation to fix salaries. I wonder why the committee did not go into the matter in detail and adjust the salaries and specify them in the bill.

Mr. CURTIS. Mr. President—

Mr. ROBINSON. Just a moment. The practice of fixing salaries by Executive regulation and Executive discretion is, on the whole, not to be approved. It adds a very difficult burden to the Executive and one which, under the Constitution and practice which have heretofore prevailed, has not ordinarily been imposed on the executive department. The responsibility is upon Congress, under the Constitution, to safeguard all expenditures necessarily imposing burdens in the form of taxation upon the people of the country; and I apprehend that any Chief Executive of the Nation would much prefer that Congress should discharge its functions and fix salaries and make the appropriations which are necessary in order to meet the obligations thus imposed upon the Government.

When the Executive enters into the field of fixing salaries he is necessarily exposed to pressure and to influence from those who feel that their salaries ought to be increased; and experience has shown that practically every employee of the Government, both at home and abroad, has found justification, not to say necessity, for an increase in the compensation which he is receiving from the Government. That condition grows out of circumstances with which we are all familiar; some justification, in fact, exists for it; but I am curious to know why the Congress finds it necessary to adopt what appears to be the permanent policy in regard to the matter of at least from year to

year requiring the Executive to adjust salaries and of providing a lump sum of \$200,000 for that purpose. Now I yield with pleasure to the Senator from Kansas.

Mr. CURTIS. I desire to state that I agree full- with the Senator from Arkansas, and as chairman of the subcommittee having charge of this bill I gave the matter very careful consideration, hoping that we might return to the old method of fixing salaries, and that conditions might be such that we could readily do so. This policy, however, as the Senator from Arkansas well knows, was adopted because of the war and of conditions growing out of the war. In many foreign countries those conditions still exist. The showing before the committee was very strong that in a number of cases it was utterly impossible for the Government officials to live on the salary which was provided. Allowances under this fund are only made after careful investigation and upon the recommendation of the State Department.

I wish to state to the Senator that if I shall remain chairman of the subcommittee having charge of this bill, just as soon as conditions are such that we may do so, I shall recommend to the subcommittee and the full committee that the salaries of these officials be fixed and that this item shall be eliminated from the bill.

Mr. SMOOT. Mr. President—

Mr. ROBINSON. I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I wish to say, in addition to what has been stated by the Senator from Kansas [Mr. CURTIS], that the conditions sought to be covered by the amendment arose, first, on account of the difference in the exchange values of money in foreign countries, where the fluctuations were frequent and where the cost of living mounted so high that nobody ever anticipated or could anticipate it. It is a temporary matter. If those countries ever get back to normal conditions it will not be necessary to increase the salaries of our officials who are stationed there, but at the present time, under conditions existing in the world, many of our diplomatic and consular officials can not live on the salaries which are regularly appropriated for them in the bill.

Mr. ROBINSON. Let me inquire of the Senator from Utah if he sees an early prospect of the stabilization of exchange, particularly in relation to the countries to which he refers?

Mr. SMOOT. No; I can not say how soon that will happen or how soon conditions will right themselves; and no other human being can do so.

It does seem to me, however, that it would be better now to adopt the method proposed in the bill of meeting these unheard-of and heretofore unknown conditions than to try to fix rigidly the salaries of our officials in various foreign countries, though it may later be possible to do so.

Mr. CURTIS. May I make a suggestion right there?

Mr. ROBINSON. I yield to the Senator from Kansas.

Mr. CURTIS. In view of the showing which was made, I think it is perfectly evident that the State Department is trying to have the appropriation which they are allowed for this purpose reduced just as fast as possible. For instance, there was appropriated for this purpose in 1919 the sum of \$700,000; in 1920 there was appropriated \$600,000; in 1921 there was also appropriated \$600,000; in 1922 there was appropriated \$250,000; and this year the department is only asking \$200,000 for this purpose.

Mr. ROBINSON. Mr. President, I presume the hearings will disclose in detail the manner in which this fund is disbursed by the Executive. Of course, we all know that the President himself can not give any attention whatever to the disbursement of a fund of this nature. It would be interesting to know just exactly how the adjustment of allowances out of this fund are made, upon what evidence and through what influences. In order that Senators who desire to do so may have an opportunity of looking into the record and ascertaining a little more definitely the facts, I ask that for the present the item be passed over and that the Senate proceed to the consideration of other amendments.

Mr. CURTIS. There is no objection to that. I may say to the Senator that the matter is discussed on pages 14 and 53 of the House hearings.

The VICE PRESIDENT. The amendment will be passed over.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 15, line 15, to strike out "\$25,913.50" and insert "\$15,000," so as to read:

To enable the President to perform the obligations of the United States under the treaties of 1884, 1889, 1905, and 1906 between the United States and Mexico, including not to exceed \$900 for rent, \$15,000.

Mr. CAMERON. Mr. President, I should like to reserve the right to offer an amendment to that amendment.

Mr. CURTIS. As I understand, the amendment which the Senator desires to offer is to the proviso.

Mr. CAMERON. Yes, sir.

Mr. CURTIS. If it is desired I have no objection to passing over the committee amendment until the other amendments shall have been concluded. Then the Senator may offer his amendment.

Mr. CAMERON. Very well.

The reading of the bill was resumed. The next amendment of the Committee on Appropriations was, on page 20, line 2, to increase the appropriation for the expenses of the arbitration of outstanding pecuniary claims between the United States and Great Britain, from \$60,000 to \$66,370.

The amendment was agreed to.

The next amendment was, on page 27, line 13, to increase the appropriation for furniture and repairs, contingent expenses, Department of Justice, from \$6,000 to \$6,500.

The amendment was agreed to.

The next amendment was, on page 28, line 8, to increase the appropriation for miscellaneous expenditures, contingent expenses, Department of Justice, from \$40,000 to \$45,000.

The amendment was agreed to.

The next amendment was, on page 30, line 2, to increase the appropriation for defending suits in claims against the United States from \$60,000 to \$65,000.

The amendment was agreed to.

The next amendment was, in the appropriations for the Department of Justice, on page 31, line 14, after the word "duties," to strike out the additional proviso in the following words:

*Provided further*, That the automobile purchased from the appropriation for detection and prosecution of crimes for the fiscal year 1923 shall hereafter be under the exclusive control of the Director of the Bureau of Investigation.

Mr. ROBINSON. Mr. President, let us have an explanation from the Senator in charge of the bill of the purpose of that amendment.

Mr. CURTIS. There was nothing in the hearings on the item, and when the committee found the clause in the bill it was as much surprised, I think, as was the Senator from Arkansas. All the property of the Department of Justice is under the control of the Attorney General, but this item took from his control a motor vehicle and put it exclusively under the control and direction of the chief investigating officer.

Mr. ROBINSON. That is Mr. William J. Burns?

Mr. CURTIS. Yes. Why the House put it in, of course I can not say, but the committee thought, as all the property now used by the Department of Justice is under the control of the Attorney General, that this proviso ought to be stricken out, and that the department ought to be able to make proper disposition of the vehicle.

Mr. ROBINSON. I apprehend that there was some mysterious, not to say secret, purpose as the provision was originally inserted, but, that reason not being disclosed, I am unable to offer any resistance to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 31, line 22, to increase the appropriation for enforcement of antitrust laws from \$200,000 to \$230,000.

The amendment was agreed to.

The next amendment was, in the appropriations for Territorial courts, on page 37, line 23, to increase the appropriation for salaries, fees, and expenses of United States marshals and their deputies from \$2,275,000 to \$2,300,000.

The amendment was agreed to.

The next amendment was, on page 38, line 14, to increase the appropriation for salaries of United States district attorneys and expenses of district attorneys and their regular assistants from \$900,000 to \$950,000.

The amendment was agreed to.

The next amendment was, on page 40, line 3, to increase the appropriations for salaries of clerks of circuit courts of appeals and district courts, their deputies, and other assistants, from \$1,400,000 to \$1,450,000.

The amendment was agreed to.

The next amendment was, on page 41, line 5, to increase the appropriation for bailiffs and criers from \$275,000 to \$300,000.

The amendment was agreed to.

The next amendment was, on page 41, line 11, to increase the appropriation for miscellaneous expenses, Department of Justice, from \$650,000 to \$700,000.

The amendment was agreed to.

Mr. UNDERWOOD. Mr. President, I understand that completes the committee amendments.

Mr. CURTIS. There are two amendments which have been passed over.

The VICE PRESIDENT. The Secretary will state the first amendment passed over.

The ASSISTANT SECRETARY. In the item under the heading "Post allowances for diplomatic and consular officers," on page 14, line 9, after the word "assigned" it is proposed to strike out "\$150,000" and insert "\$200,000."

Mr. ROBINSON. Let that be passed over for the present and proceed with other amendments.

The VICE PRESIDENT. The amendment will be further passed over in the absence of objection. The Secretary will state the next amendment passed over.

The ASSISTANT SECRETARY. Under the heading "International Boundary Commission, United States and Mexico" on page 15, line 15, it is proposed to strike out "\$25,913.50" and to insert "\$15,000."

Mr. ASHURST. Mr. President, that is an item that was passed over upon the suggestion of my colleague [Mr. CAMERON]. I inquire of my colleague if he is ready at this time to take up the matter?

Mr. CAMERON. I am ready, right now. Mr. President, I want to ask the Senate on page 15, line 15, to disagree to the Senate amendment, and strike out all after "\$25,913.50" down to and including the word "commission" in line 20.

The VICE PRESIDENT. The Senator from Arizona has stated two separate amendments.

Mr. ASHURST. Mr. President, if my colleague will yield to me, if I understand aright, he has moved to strike out on page 15, commencing with line 15, the word "Provided" on said line 15, and all of lines 16, 17, 18, 19, and 20. Am I correctly advised?

Mr. CAMERON. Yes.

Mr. ASHURST. Mr. President, I hope that motion will prevail; if my colleague will yield to me—

Mr. CAMERON. Certainly.

Mr. ASHURST. I believe a point of order will lie against that language. Therefore I make the following point of order—that the committee in violation of clauses 1, 2, and 3 of Rule XVI, has added new legislation.

Mr. CURTIS. Mr. President—

Mr. ASHURST. I yield to the Senator.

Mr. CURTIS. I think when the Senator realizes that this is an item that was put in in the House, he will see that a point of order will not lie against it in the Senate. The only thing we can do is to pass upon the amendment, and either agree to it or reject it.

Mr. ASHURST. If this language was inserted by the House I am of opinion that a point of order would not lie. The Mexican border is 1,400 miles long. I need not now recite any of the turbulent history of the Mexican border. We are striving for peace and friendship with our southern neighbor—Mexico. She is on her feet; her commerce is entering into the markets of the world. She is tranquil and orderly. By treaty with Mexico, executed on March 1, 1889, there was created the International Boundary Commission, and it was agreed that the United States and Mexico should each have and appoint one commissioner, one consulting engineer, and one secretary, but this bill refuses to appropriate money with which to pay the salary of the consulting engineer to be appointed by the United States. I admit that Congress can repeal a treaty, but here, with no explanation, this bill attempts to dislocate and disregard that part of the treaty by which we agreed to maintain a consulting engineer. The problems of the Mexican border are of dignity and importance to this country.

Mr. LODGE. Mr. President, do I understand the Senator to say we do not furnish a consulting engineer?

Mr. ASHURST. The language on line 16 says:

*Provided*, That none of this appropriation shall be used to pay the salary of a consulting engineer.

Mr. LODGE. Certainly; and then it goes on to provide for one. The treaty does not say that we must furnish a consulting engineer who is not an officer of the Army. It does not say how he shall be furnished or paid.

Mr. ASHURST. The Senator is correct.

Mr. LODGE. We furnish a consulting engineer, but we furnish an Army engineer. That is our business, since the treaty does not provide how he shall be furnished.



Mr. ASHURST. We can, of course, select some Army officer. The problems of the Mexican boundary are of importance and while I commend all efforts at retrenchment and reform this border treaty should be observed. We do not want a consulting engineer who will ruffle the papers and pass on to some other subject.

Mr. LODGE. Mr. President, we can appoint anybody we choose as consulting engineer under that treaty. If we choose to appoint an Army engineer we have a perfect right to do it under the treaty, and we are doing it in this provision. It does not concern Mexico the least in the world.

Mr. ASHURST. Will the Senator please explain why it is now necessary that the office should be practically abolished, and an Army engineer designated?

Mr. LODGE. The object, of course, is to save the engineer's salary.

Mr. ASHURST. To save the engineer's salary?

Mr. LODGE. Why, of course, and to have the duties performed by one of our Army engineers. There are no better engineers in the world.

Mr. ASHURST. In other words, the Mexican border or 1,400 miles, must be content to be served by a man who acts without salary for that particular duty.

Mr. LODGE. It would not make any difference if it was 14,000 miles long.

Mr. ASHURST. Fourteen hundred miles long; not 14,000.

Mr. LODGE. I say it does not make any difference whether it is 1,400 or 14,000 or 14. The point is that in carrying out the treaty we are required to furnish a consulting engineer, and we do. We do not need to have another one and pay him a salary.

Mr. ASHURST. We do not want the sort of man who is willing to serve without compensation.

Mr. LODGE. Does not the Senator think that any competent consulting engineer can be found except a civilian at a high salary? The Army engineers built the Panama Canal.

Mr. ASHURST. Very true.

Mr. LODGE. It has nothing to do with the treaty. It is a matter for us to settle.

Mr. CURTIS. Mr. President, if the Senator will yield to me, we can probably settle this. As far as I can, being in charge of the bill, I will accept an amendment, which I think will be agreed to, to strike out "\$15,000" and insert in lieu thereof "\$20,000," and to strike out the balance of the paragraph from the word "Provided" in line 15 to the word "commission" in line 20.

Mr. CAMERON. I will accept that.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. In the committee amendment on page 15, line 15, it is proposed to amend, in lieu of the sum proposed to be inserted by the committee, "\$15,000," by inserting "\$20,000."

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. It is also proposed to strike out the provisos beginning on line 15 after the numerals "\$20,000." The amendment was agreed to.

Mr. CURTIS. Mr. President, if the Senator from Arkansas is not ready to take up the committee amendment that was passed over, we can pass it over again and take up individual amendments.

Mr. ROBINSON. I suggested that a moment ago.

Mr. CURTIS. I was authorized by the committee to propose two amendments. I should like to offer them, if I may.

I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 45, after line 18, it is proposed to insert the following paragraph:

For construction of physician's residence, \$4,000.

And to change the total in line 19 by striking out "\$659,000" and inserting "\$663,000."

Mr. ROBINSON. What page is that?

The ASSISTANT SECRETARY. Page 44, after line 18.

Mr. CURTIS. I will state to the Senator that that is to build an official residence. There are some 2,700 prisoners there, and there are no accommodations for the physician on the grounds. He has to live in town and pay his own rent, and the street cars are not run at night, and with 2,700 inmates they frequently have illness at night that requires the attendance of a physician, and it is almost impossible to get him. This was recommended by the department and recom-

mended by the Budget, and was left out by the House. I should like to put it in and take it to conference.

Mr. ROBINSON. Very well. I see no objection to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CURTIS. On the part of the committee I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 38, line 7, after the word "subsistence," it is proposed to insert a colon and the following:

*Provided further*, That the Postmaster General or the coordinator of the General Supply Committee is authorized and directed, upon the approval of this act, if available, to deliver to the office of the United States marshal of the District of Columbia, without payment therefor, two passenger-carrying motor cycles.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CURTIS. Mr. President, as it is understood that there is only one committee amendment pending, I ask that that be passed over until we dispose of the other amendments.

Mr. REED of Pennsylvania. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from Pennsylvania offers an amendment, which the Secretary will read.

The ASSISTANT SECRETARY. On page 13, after line 7, insert:

To Leonore M. Sorsby, daughter and only child of William B. Sorsby, late envoy extraordinary and minister plenipotentiary of the United States to Bolivia, the sum of \$4,200 as reimbursement for extraordinary expenses incurred for medical attendance, nurses, hospital treatment, and transportation to the United States following a stroke of paralysis suffered by said William B. Sorsby at his post of duty, La Paz, Bolivia, from which he remained wholly disabled until his death.

Mr. REED of Pennsylvania. Mr. President, this amendment was added by the Senate to the deficiency appropriation bill last summer. It was stricken out in conference, but it has since been submitted to the House Committee on Appropriations and approved by them. It was omitted from this bill by an oversight, I am told. It has also been submitted to the Committee on Appropriations of the Senate, and I understand that it is satisfactory to them.

Mr. CURTIS. Mr. President, this item was added on the deficiency appropriation bill at a former session, which bill I did not have charge of, and I have not had time to look into it. I am perfectly willing, so far as I am personally concerned, to accept the amendment and let it go to conference and then look into it.

Mr. ROBINSON. Mr. President, I merely want to suggest that from the reading of the provision as submitted by the Senator from Pennsylvania it appears to be in the nature of a claim, and under the practice of the Senate such provisions usually have gone to the Committee on Claims. That observation would appear at first thought to have additional force in view of the new rule adopted by the Senate. There is a question, on the line of the proposal of the Senator from Pennsylvania, as to the authorization of this sum. It may be that no serious question is involved; nevertheless, the new rule of the Senate segregates authorizations from appropriations, and contemplates that the Committee on Appropriations shall confine its action to allowances of sums already investigated by other committees and authorized by act of Congress.

I do not want to put myself in the attitude of opposing the provision offered by the Senator from Pennsylvania if the Senator in charge of the bill states that the committee has investigated it and is satisfied that it should be included.

Mr. CURTIS. It was added to the deficiency bill of the previous session of Congress. I was not on the subcommittee in charge of that bill, and I do not know about it.

Mr. ROBINSON. It was added to that bill?

Mr. CURTIS. It was.

Mr. WARREN. That is correct.

Mr. ROBINSON. How is it that it is necessary to add it to this bill then?

Mr. CURTIS. It was stricken out in conference.

Mr. ROBINSON. That would seem to indicate that there is necessity for an authorization. If an Appropriation Committee once incorporated the item in a bill, and it went out in conference, it would seem to call for an investigation.

Mr. CURTIS. The Senator from Pennsylvania stated a moment ago that the matter had been presented to the House, and that certain members of the committee said that it had been left

out of the bill by mistake; that they had intended to take it up, but had not done so. With that understanding, I thought we could let the provision go into the bill and take it into conference.

Mr. ROBINSON. How does the Senator escape the effect of the rule which he so boldly and courageously championed and had the Senate adopt some time ago? Does the Senator intend now to commence the policy of relaxing that rule in cases the merit of which appeals to him, and of enforcing the rule in other cases where the merit does not appeal to him?

Mr. CURTIS. I have not passed on the merits of this matter, and I did not raise the point of order for the reason—

Mr. ROBINSON. The Senator knows that if he permits this provision to go into the bill without invoking the rule it will be a relaxation of the rule.

Mr. CURTIS. I fully realize that a point of order would lie against the amendment, and the Senator from Kansas did not raise the point of order simply because the item had gone through the Senate at a former session of Congress. I felt that as the Senate had accepted it then, I would hardly be justified in raising the point of order at this time. It is a claim, I think, and I believe it is subject to a point of order, but personally I do not care to raise it without knowing the facts.

Mr. ROBINSON. The Senator has given me the information I asked for. He now announces the policy of declining to invoke points of order under the new rule of the Senate in cases wherein he is satisfied merit exists.

Mr. CURTIS. Mr. President, I did not say that. I said I knew nothing about the merits of this case. I should have stated further that in the session of Congress preceding the last and in a number of Congresses—

Mr. ROBINSON. The Senator, of course, realizes that what happened in the Senate has no relationship to the rule of the Senate which denies to the committee the right to report an item of this nature.

Mr. CURTIS. But this item was not reported from our committee; it is offered upon the floor, and—

Mr. ROBINSON. I understand that fully.

Mr. CURTIS. Any Senator can make a point of order against it.

Mr. REED of Pennsylvania. Will the Senators permit me to explain my view of my own amendment? I do not think it is a claim. It is a gratuity, which has already been submitted to and approved by the Committee on Foreign Relations. If it were a claim, properly it should go to the Committee on Claims, but it is a gratuity, exactly of the same sort as those provided for in the paragraph which precedes the point at which I propose to insert this amendment.

Mr. SMITH. May I ask the Senator under what conditions did it fail to become a part of the bill in the House?

Mr. REED of Pennsylvania. It was passed upon by the Senate last summer in the deficiency appropriation bill. This claim should have been presented by one of the Representatives from Pennsylvania in the Appropriations Committee of the House. He was unable to be there in time; the bill moved with a great deal of speed, and while the committee had already passed upon the merits of the claim, as I understand it, it had not the item called to its attention before the bill was reported out of the committee in the House. It is an entirely meritorious case.

Mr. SMITH. So the House did not reject it; it just did not have the subject matter under consideration?

Mr. REED of Pennsylvania. That is exactly the case.

Mr. LODGE. Mr. President, I desire to say a single word at this point. This is not a claim; as the Senator from Pennsylvania has said, it is in the nature of a gratuity. A point of order undoubtedly would lie on the ground that it was not estimated for; but it has been the practice, where ministers and consuls have died at their posts of duty, to insert provisions in the diplomatic and consular appropriation bill giving their representatives six months' salary. It has been done repeatedly by the Senate, and this I take to be a precisely similar case. Undoubtedly it would be put out on a point of order, but I think it is a very deserving case. It was before my committee.

Mr. ROBINSON. Mr. President, I desire to say, as I stated in the beginning, that I do not elect to make the point of order. I merely wanted to define the practice of the Committee on Appropriations touching such matters.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Pennsylvania.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I offer an amendment, which I ask to have read at the desk.

The VICE PRESIDENT. The Secretary will read the amendment.

The ASSISTANT SECRETARY. On page 12, line 17, after the figures "\$300,000," insert the following proviso:

*Provided*, That no part of said sum shall be paid for transportation on foreign vessels without a certificate from the Secretary of State that there are no American vessels on which such officers and clerks may be transported.

Mr. CURTIS. I am willing to accept the amendment.

Mr. McKELLAR. Then I will not say what I was about to say in regard to it.

The amendment was agreed to.

Mr. LODGE. I offer the following amendment.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 2, lines 3 and 4, strike out the words "counselor for the department," and insert in lieu thereof the words "Undersecretary of State."

The amendment was agreed to.

The VICE PRESIDENT. There remains to be acted upon the first committee amendment.

Mr. UNDERWOOD. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 36, after line 6, insert the following paragraph:

For printing and binding for the Court of Claims, \$35,000.

Mr. UNDERWOOD. Mr. President, if I may have the attention of the Senate for a minute, there is really no money involved in this amendment, because should the amendment be adopted it will be necessary to strike \$35,000 out of the bill in another place. It is only that I stand for maintaining the action of the judiciary independent from the executive departments.

If Senators will turn to page 33 they will see the appropriations in the bill for the salaries, and so forth, for the Supreme Court, from lines 14 to 19. Then, on line 20, they will see, "for printing and binding for the Supreme Court of the United States, \$21,000," and then there is a provision for some other printing and binding.

If Senators will turn to page 35 they will find the provision for the salaries of the Court of Claims, and heretofore there has always been a provision for the printing and binding for the Court of Claims, but the committee at this time have stricken out the provision for printing and binding for the Court of Claims, where it was controlled by the Court of Claims, and have inserted it under the Department of Justice.

Mr. CURTIS. The Senator, of course, means that that was done in the House and that the committee of the Senate agreed to it.

Mr. UNDERWOOD. Of course; it is a House provision. If it were a Senate committee provision, I think it might be subject to a point of order and I would make the point, because it is a change of existing law without being reported by the Judiciary Committee of the Senate.

The Committee on Appropriations is now proceeding to change existing law, but as it was changed in the House of Representatives and came over here tied in the bill by the House of Representatives, I can not make the point of order. All I am saying is that the Committee on Appropriations of the Senate have agreed to it.

Mr. President, there is not a dollar involved. Of course, if this amendment of mine is adopted, then I have no doubt the committee will go back to the item making appropriations for the Department of Justice and strike \$35,000 from that appropriation.

I do not understand why Senators of the United States insist that one of the great courts of this land, the court of the people of the United States, shall be treated as a side show to some other institution.

Except for the limited jurisdiction of the district courts, into which the people may go for small claims, the people of the United States have only one court in this land that belongs to them, and that is the Court of Claims. The Government can not be sued except by its consent, and we have set up the Court of Claims in order that citizens of the United States who have claims against the Government may go into that court and establish their claims. It is the court of the people of the United States, and it should be respected and treated as such. It is not a side show for the Department of Justice to determine whether it will allow claims or not. It is a court, and the plaintiff in that court is entitled to as much recognition and standing as the defendant, the Government of the United States.



I realize that those who desire to make the change say that it does not mean anything; that all the printing and binding to be done by the Court of Claims would be promptly O. K'd by a subordinate clerk in the Department of Justice whenever the clerk of the Court of Claims sent down what the court wanted done in the way of printing and binding, and I have no doubt probably in most cases it would be done. But the great delay in this court does not come from the court itself. It is not that the court does not dispatch its business. The court itself is up with its business. The trouble in the Court of Claims is that the Department of Justice does not prepare its cases. The delays occur in that branch of the Department of Justice which handles claims.

Whenever a case is submitted to the court, it is decided by the court in a few weeks, but the delays the people of the United States have in the Court of Claims come from the Department of Justice itself in preparing the cases ready for submission to the court. How can a case be prepared unless there are printed the briefs and testimony and the other necessary printing required by the court? I am not going to charge that the Department of Justice would delay the consideration of a case or that the Attorney General and the men who control the Department of Justice would delay the trial of a case by postponing the printing; but the Attorney General and his assistants and those high up would have very little to do with it, and when somebody got pressed in the preparation of a claim it would be easy to have a subordinate of the Department of Justice question the printing bill.

It is said that that would not be done. Well, it might not be done, but this is an independent court. One might as well say that the Department of Justice shall determine when the clerk shall report and open the court as to say that the judges themselves can not determine when their printing bills shall be paid.

Mr. SMITH. Mr. President, may I ask the Senator from Alabama what economy would be worked by any such indirect procedure or what expedition of business would be brought about by it?

Mr. UNDERWOOD. There is no economy that I know of, because I understand it was said in the hearings that \$35,000 would be paid out whenever the clerk of the Court of Claims asked the Department of Justice for it. If the amendment which I have proposed is agreed to they can not ask for more than \$35,000. If there was going to be any economy outside of that limitation by law, the Attorney General could tell the Court of Claims that they could not print his brief. That is all there is to it.

There is no economy that is proposed to come out of the proposition, because all the printing goes to the Public Printer, and costs exactly the same. It is just a question of the Department of Justice viséing the right of the Court of Claims to act. That is all there is in the matter. It is a reflection on the judiciary of the land. It is an attempt to give an executive department of the Government the right to control the functions of one of the great judicial courts of the land, and I say it is wrong; it is improper; and it means in the end no economy.

Suppose it did mean two or three thousand dollars economy, which it will not; are we going to invade the jurisdiction of the court, its right and standing before the community as an independent court, for the purpose of saving two or three thousand dollars, when it will not really save a cent if a statement in the testimony coming from the Department of Justice is correct that they are not going to visé it? On the other hand, if they do visé the question then the judges of the court would have to go with bated breath and ask one of the litigants in the court whether they could print the testimony in order that the other litigants might proceed to business. That is what is proposed, and it is in my opinion entirely without justification.

Mr. SMOOT. Mr. President, I think the Senate ought to know the reason why the House pursues this policy and intends to do it in the future, if, of course, the Senate agrees. Every appropriation bill hereafter will have but one item for printing under a department. In the past every bureau and every division of every department and every independent establishment in the Government has had a separate item for printing in the appropriation bills. They have spent the money for printing in their own way. There has been no special estimate made for it other than simply the amount that they desired.

Mr. UNDERWOOD. Will the Senator allow me to ask him a question?

Mr. SMOOT. Certainly.

Mr. UNDERWOOD. Does not the Senator draw any distinction between the bureaus of a department under an executive head of the Government and a court that is independent of the executive departments?

Mr. SMOOT. I will come to that in a moment. The only change from that policy that has been adopted by the Budget or placed in an appropriation bill for the maintenance of the departments was in the item for the printing for the Supreme Court of the United States. I see no objection at all to giving \$35,000 to the Court of Claims. It will not make one penny of difference. It is only a question of having a direct appropriation for the Court of Claims the same as is made for the Supreme Court of the United States. It would be taken off the item of \$200,000 appropriated for the printing for the Department of Justice.

Mr. UNDERWOOD. I agree with the Senator; I do not think it will effect a dollar's difference in the Treasury; but why should we make the Court of Claims go with hat off and humble knee to the Department of Justice and ask if they can proceed to business? There is no reason in the world for it.

Mr. SMOOT. The estimate was made by the Budget Committee just as the bill carries it now. In the amount of \$200,000 provided for printing in the Department of Justice one of the items—and there are about 20 or 25 of them—was \$35,000 for the Court of Claims. The House made the appropriation in conformity with the Budget report. I do not think there will be any hesitancy on the part of the House in agreeing to the amendment of the Senator from Alabama, but there was the idea in view that we could turn to an appropriation bill at any time in the future and by looking at one item of printing tell what was the amount of money that had been appropriated for the printing for that department. That is all there is to it.

Mr. UNDERWOOD. Right there, if the Senator will allow me, is where I object. The Senator spoke of the appropriation for printing for the department, but I insist that the Court of Claims is no more a part of the Department of Justice than is the Supreme Court of the United States, and it ought not to be considered as a part of that department.

Mr. SMOOT. The Senator could say that of every independent establishment.

Mr. UNDERWOOD. No; the Constitution of the United States recognizes the distinction between the executive departments of the Government and the judicial departments of the Government.

Mr. SMOOT. I realize that, but that is not what I meant.

Mr. UNDERWOOD. The court is set up to protect the people of the United States in the presentation of their claims. I seriously object to the Department of Justice having any hand in controlling its action.

Mr. SMOOT. Of course, the Department of Justice would never do it.

Mr. UNDERWOOD. Probably it would not, but it ought not to be allowed to have the opportunity to do it even on paper.

Mr. SMOOT. It is a mere formality, and that is all.

Mr. CURTIS. Mr. President, I wish to state that what influenced me in the matter was the fact that the estimates for the Court of Claims have been going to the Treasury Department and the Bureau of the Budget, since that bureau was organized, through the Attorney General's office, and it was the idea of the Bureau of the Budget, I understand, to get the items affecting the same class of work into one appropriation. For that reason this item was put in with the others. There was no intention to revise or change the practice that has always been followed, and, as I have showed to the Senator from Alabama in the hearings on page 196, it was stated that it was not the intention in any way to try to control the printing of the court. I will state that so far as I am concerned, as the Senator in charge of the bill, I have no objection to the amendment of the Senator from Alabama.

Mr. JONES of New Mexico. Is the matter now to come to a vote?

Mr. CURTIS. I said that so far as I am concerned, I am willing to accept the amendment, and I hope there will be no objection raised to it.

Mr. JONES of New Mexico. Mr. President, I simply desire to express my hope that the amendment will be agreed to. There is absolutely no economy in the way the bill reports these appropriations. On the other hand, it will incur an additional expense. If, as the witness testified in the House hearings, the Department of Justice does not intend to control the expenditures of the Court of Claims, then the question simply involves the additional expense of having some clerk in the Department of Justice O. K. the vouchers which may be presented by the Court of Claims.

I certainly agree with everything the Senator from Alabama has said. The clerk of the Court of Claims came before the Committee on Appropriations yesterday and protested vigor-



ously against the arrangement which was made in the bill as it passed the House. Of course, I shall take up no further time if the Senator in charge of the bill is willing to accept the amendment.

The PRESIDING OFFICER (Mr. SPENCER in the chair). The question is upon agreeing to the amendment proposed by the Senator from Alabama [Mr. UNDERWOOD].

The amendment was agreed to.

Mr. CURTIS. In view of the amendment just agreed to, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 28, line 21, strike out "\$200,000" and insert in lieu thereof "\$165,000," so as to read:

For printing and binding for the Department of Justice and the courts of the United States, \$165,000.

The amendment was agreed to.

Mr. CURTIS. In order to correct a clerical error in the printing of the bill I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from Kansas will be stated.

The ASSISTANT SECRETARY. On page 34 it is proposed to strike out line 20 and to insert in lieu thereof the following:

Porto Rico: District Judge, \$7,500.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. LODGE. I think that is not really an amendment, but is merely to correct a mistake in printing.

The PRESIDING OFFICER. The correction will be made.

Mr. LODGE. I have an amendment which I desire to offer to come in on page 6, line 16.

The PRESIDING OFFICER. The amendment proposed by the Senator from Massachusetts will be stated.

The ASSISTANT SECRETARY. On page 6, line 16, after the word "citizens," it is proposed to insert the words "when-ever hereafter appointed."

Mr. OVERMAN. I should like to have the Senator from Massachusetts explain that amendment and what it proposes to do.

Mr. LODGE. Mr. President, the case is a very simple one. The provision in the bill, which is a very proper one, indeed, requiring the clerks to be Americans and to be appointed under civil-service rules and regulations, will compel the dismissal of five valuable foreign clerks who have served this Government for many years in the missions at Berlin, Berne, Madrid, Buenos Aires, and Quito, and to whom it would work great hardship. My amendment is proposed simply for the purpose of permitting those clerks to be retained.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The Secretary will state the committee amendment which was passed over.

The ASSISTANT SECRETARY. The committee amendment passed over is on page 14, line 9, after the word "assigned," to strike out "\$150,000" and insert "\$200,000," so as to make the clause read:

To enable the President, in his discretion, and in accordance with such regulations as he may prescribe, to make special allowances by way of additional compensation to diplomatic and consular officers and consular assistants and officers of the United States Court for China in order to adjust their official income to the ascertained cost of living at the posts to which they may be assigned, \$200,000.

Mr. ROBINSON. Mr. President, since this amendment was before the Senate I have taken occasion to read all of the testimony which is available in justification of the appropriation. I shall not now repeat the suggestion made when the item was previously before the Senate relative to the policy involved in lump-sum appropriations and the fixing of official salaries by the Executive. That policy is condemned by both the Senator from Kansas [Mr. CURTIS] and the Senator from Utah [Mr. SMOOT]. Their statements, however, in justification of this proposed increase are much more persuasive than is the testimony in the record; and yet I apprehend that their information is derived exclusively from the record.

Mr. CURTIS. No, Mr. President; I thought I stated to the Senator that upon yesterday we sent for Mr. Carr, who is in charge of this work, and heard him very fully before our committee, and the subcommittee, Republicans and Democrats alike, after hearing him fully were unanimously of the opinion that this increase ought to be made.

Mr. ROBINSON. If the Senator from Kansas made that statement, I did not hear it.

Mr. CURTIS. I intended to make it, and I thought I had made it.

Mr. ROBINSON. In any event, the hearings before the Senate committee are not available for the consideration of the Senate. The testimony submitted before the House committee is found at pages 14 and 15 and 53 and 56, inclusive, of the House hearings on the bill. The justification for Executive increases of these salaries is principally based upon the condition of foreign exchange in the countries where these Government representatives live. My understanding has been that, as a rule, a depreciation of foreign money operates to diminish the cost of living of persons who are paid in United States money. I know that is true in Germany, where the mark has a very low value compared with its normal value, and I have found that to be true in other foreign countries where the money of the foreign government involved is depreciated as compared with American money. So the depreciation of foreign exchange would give the American representative who is paid in United States money an advantage in the matter of the cost of living and instead of being a justification for an increase in salary might, under some circumstances, be accepted as a justification for a diminution of salaries.

The statement of Mr. Carr is, however, exceedingly indefinite. I do not understand why some committee of the Senate or of the other House, intrusted with the consideration of the matter, has not asked for an itemized statement of the expenditure of the fund during previous years. An itemized statement of the expenditure would give definite information as to how the executive authorities have adjusted the compensation of these various employees.

The information that is furnished the Senate in the hearings before the House committee—and I have had no opportunity of seeing the hearings before the Senate committee; those hearings were held only on yesterday and I presume have not yet been printed—the information that is available is of the most general character. It is so indefinite as to affect only the conclusions of the witness rather than the facts upon which the witness reached his conclusions. All Senators know the value of definite and detailed information in so far as the same may be calculated to affect the expenditure of Government money.

Mr. CURTIS. Mr. President—

Mr. ROBINSON. I yield to the Senator from Kansas.

Mr. CURTIS. I have not had time to go over the statement and itemize it, but we have a statement showing the allowances made and the officials to whom they were made. I suppose it was not printed in the report because it is in the Budget.

Mr. ROBINSON. But the Budget was not followed by either committee.

Mr. CURTIS. Yes; the Budget was followed by the Senate committee; we followed the estimate of the Budget.

Mr. ROBINSON. Did either the House committee or the Senate committee follow the estimate of the Budget?

Mr. CURTIS. The Senate committee did, but the House committee reduced the estimate by \$50,000. The Senate committee increased the appropriation by the House \$50,000 and put it back to the Budget recommendation.

Mr. ROBINSON. What was the amount appropriated last year?

Mr. CURTIS. It was \$200,000.

Mr. ROBINSON. And the amount requested by the department was \$200,000 this year?

Mr. CURTIS. Yes; and the amount recommended by the Budget this year is \$200,000, which is the sum the Senate committee allowed.

Mr. ROBINSON. The Senate committee followed the Budget but the House committee declined to follow the Budget and recommended a reduction of the amount by \$50,000.

Mr. CURTIS. Yes.

Mr. CARAWAY. May I interrupt the Senator?

Mr. ROBINSON. Certainly.

Mr. CARAWAY. Is it the contention that the cost of living is increased because of high exchange rates?

Mr. SMOOT. Yes; as to certain countries.

Mr. CARAWAY. As to what countries?

Mr. SMOOT. China is one country where living is very expensive. Then there may be mentioned Tampico, Mexico; Colombo, Ceylon; and Johannesburg, South Africa. The consuls at the places indicated receive a post allowance of \$1,500, and to certain consuls in Brazil and other countries in South America an allowance of \$1,200 is made.

Mr. ROBINSON. That is a proposition that I was coming to. It may be and probably is true that the salaries and the allowances as fixed by the legislative department are too small;



it may be that there is justification for an increase in salaries; but, as I said earlier this morning, such increases ought to be made in specific instances where the Congress finds the necessity to exist, and the duty ought not to be imposed upon the President and be by him relegated to some person in the State Department whose interest, of course, is identical with or inseparable from the interests of those who desire the increase.

I have no sympathy with any penurious policy on the part of this Government toward any of its employees; but I do object to the practice of perpetuating lump-sum appropriations for the payment of increases in salaries at the discretion of the Executive; not that I am lacking in confidence in the President in that particular but that the President has nothing whatever to do with the actual discharge of that duty, and it must be done by some subordinate upon whom the responsibility can not definitely be located.

The testimony in the record is exceedingly indefinite and lacking in detail. On page 53 the question was asked by Mr. HUSTED:

How have the exchange conditions affected the necessity for this?

To that question Mr. Carr replied:

Well, I do not see any signs of it becoming any cheaper for an officer to live. In some places exchange has gone down, but prices have not gone down; in other places exchange has gone up, and prices have in some cases followed it; and in other cases they have not followed it. The sum total of it is, as far as I can make out, that it is at least as expensive to live now as it was last year.

I point out that that statement is just as applicable to officers of the Government living in the United States as it is to diplomatic employees of the Government of the United States who reside in foreign countries; in fact, it is even more applicable. So that the argument breaks its force in that it becomes general and not definite.

So far as index numbers are concerned, the index number in the United States is higher, I believe, if I remember correctly, than it was this time last year.

There he makes the point that in the United States the cost of living has gone up during the last year, and therefore the salaries and allowances should be increased.

In England, I think, it is about the same. Of course, in Germany it has gone very high. I believe in Japan, if I remember correctly, it is about what it was. I have not made any tables, such as I presented last year, of the purchasing power of the dollar, etc., because the statistics on their face seem to bear out the statement I have just made to you.

I am going to put in the RECORD all of the statement of this witness, because I think it fair to him and to the department that it be incorporated in the RECORD, but I call attention particularly to a further statement, as follows:

Mr. HUSTED. We went into this quite carefully last year, and we came to the conclusion that it was pretty difficult to determine the amount of increase which should be given to the representative at any particular post.

Mr. CARR. Well, there certainly is no scientific method devised by which it can be done to satisfy everybody. In a matter of this kind it is a question of using one's best judgment. There is no formula that can be applied, as in the case of some scientific adjustment. We have to take into consideration the men's own statements as to what the prices are in their regions. Those statements are supported by documentary evidence wherever possible, as to the local prices, and the Government statistics, and the Government price index numbers. Then, in that connection we use the Federal Reserve Bulletin and its comparative price levels in all the different countries, and the Federal Reserve Bulletin statements of exchange rates in the different countries. The result obtained in that way is modified by the judgment of what you want done. Conceivably, in one place a man, if he were held down to a low compensation, might not be able to accomplish the things that we want done. So that might make a change in some few individual countries. But from that statement you will see that in a matter of this kind there is no hard-and-fast formula that can be designed which will fit every case of post allowance. I think the post allowance is very necessary. For my own comfort, I wish it had never existed.

There is a statement that in determining the amount of these allowances the department takes into consideration what it desires to accomplish; in other words, it determines the question of policy, and that determines the amount of the allowance to be made out of this lump-sum appropriation. It, therefore, gives evidence to the necessity for more definite action upon the part of the committees of Congress which deal with this matter.

I ask unanimous consent to have printed in the RECORD at this point the testimony of Mr. Carr, to which I have referred.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

#### POST ALLOWANCES.

Mr. HUSTED. Now, the item for "Post allowances to diplomatic and consular officers," I see, is the same as the appropriation for last year, which is \$50,000 less than the appropriation for the year before.

Mr. CARR. Yes, sir.

Mr. HUSTED. How have the exchange conditions affected the necessity for this?

Mr. CARR. Well, I do not see any signs of it becoming any cheaper for an officer to live. In some places exchange has gone down, but prices have not gone down; in other places exchange has gone up, and prices have in some cases followed it; and in other cases they have not followed it. The sum total of it is, as far as I can make out, that it is at least as expensive to live now as it was last year. So far as index numbers are concerned, the index number in the United States is higher, I believe, if I remember correctly, than it was this time last year. In England, I think, it is about the same. Of course, in Germany it has gone very high. I believe in Japan, if I remember correctly, it is about what it was. I have not made any tables, such as I presented last year, of the purchasing power of the dollar, etc., because the statistics on their face seem to bear out the statement I have just made to you.

Mr. HUSTED. Who gets this \$1,500 increase in salary out of this fund?

Mr. CARR. I can not tell you that from memory. I can give you the places, but not the names.

Mr. HUSTED. That is all I want; not the names.

Mr. CARR. I can give you that. The consuls at Tampico, Mexico; Colombo, Ceylon; and Johannesburg, South Africa, receive post allowances of \$1,500 each, because they are junior officers whose salaries are inadequate for their expenses in these unusually expensive posts. Likewise, for a time the consul at Penang received a post allowance of \$1,500, until he won a promotion in class, which enabled the department to reduce his post allowance. Similarly two vice consuls of career stationed at Buenos Aires receive post allowances of \$1,500. The district is an unusually expensive one and these young men are married and could not live there in a respectable manner without an additional allowance. The consuls at Vladivostok, Chita, and the vice consul of career at Santos, Brazil, receive post allowances of \$1,200 each, because of the high cost of living at those posts and of the additional facts that the men are junior officers with low salaries and are married and have families. It is to be understood that in the case of transfer from the posts where they are now stationed the officers would not carry with them the same post allowances, if, indeed, they would carry any at all.

Mr. HUSTED. We went into this quite carefully last year, and we came to the conclusion that it was pretty difficult to determine the amount of increase which should be given to the representative at any particular post.

Mr. CARR. Well, there certainly is no scientific method devised by which it can be done to satisfy everybody. In a matter of this kind it is a question of using one's best judgment. There is no formula that can be applied, as in the case of some scientific adjustment. We have to take into consideration the men's own statements as to what the prices are in their regions. Those statements are supported by documentary evidence, wherever possible, as to the local prices, and the Government statistics, and the Government price index numbers. Then, in that connection we use the Federal Reserve Bulletin and its comparative price levels in all the different countries and the Federal Reserve Bulletin statements of exchange rates in the different countries. The result obtained in that way is modified by the judgment of what you want done. Conceivably, in one place a man, if he were held down to a low compensation, might not be able to accomplish the things that we want done. So that might make a change in some few individual countries. But from that statement you will see that in a matter of this kind there is no hard-and-fast formula that can be designed which will fit every case of post allowance. I think the post allowance is very necessary. For my own comfort, I wish it had never existed.

Mr. HUSTED. I can understand that. You do not think the time has arrived when we can wipe that appropriation out?

Mr. CARR. No, sir; I do not. I think it would be a most unfortunate thing to reduce that appropriation \$1 below what it is now.

Mr. HUSTED. Do you not think the men that are getting these post allowances are better off than they were under the old salaries?

Mr. CARR. No; they are not as well off.

Mr. HUSTED. Does not the increase more than offset the advance in living cost?

Mr. CARR. No; the increase does not reach the living cost.

Mr. HUSTED. You do not think it does in any case?

Mr. CARR. I would not say it does not in any case. Conceivably, there may be cases in which it does; but as a general proposition, I am certain the salary plus the post allowance does not put the men in the position in which they were in 1914 or anywhere near it.

Mr. HUSTED. What effect does the payment of these post allowances have upon the morale of the service where they do not receive any post allowance?

Mr. CARR. Of course, there is dissatisfaction among men, as there is bound to be dissatisfaction in any organization, whether it is on account of distribution of post allowances or on account of distribution of office-expense allowances or of promotions in the service. You can not administer anything in a way that will satisfy everybody in which there is the element of judgment involved.

Mr. HUSTED. Do you pay any part of this fund to ministers?

Mr. CARR. No.

Mr. HUSTED. You pay it to secretaries?

Mr. CARR. We pay it to diplomatic secretaries, to consuls general, to consuls and vice consuls of career.

Mr. HUSTED. What is the highest salaried man that receives a post allowance?

Mr. CARR. The highest-salaried men that receive post allowances are Mr. Gale, consul general at Hongkong; Mr. Cunningham, consul general at Shanghai; and Mr. Hurst, consul general at Habana. Those are special cases where the men on assignment receive a grade salary less than the salary usually paid to the man at that place and where the living expenses are extraordinarily, and abnormally high. For example, we have been paying a post allowance of \$1,000 to Mr. Hurst in Habana, whose salary is \$6,000. That is because of the peculiarly high cost of living in Habana at the present time, and because of the fact that usually the officer there has been an \$8,000 man. The same is true in Shanghai, where the consul general receives an allowance of \$600. That is true also of Hongkong. The officers usually assigned to those posts are \$8,000 men.

Mr. HUSTED. But most of it is paid to the low-salaried men?

Mr. CARR. Yes. That has always been the case. The major part of the post allowance has been confined to low-salaried men.

Mr. ROBINSON. Mr. President, I repeat that my sympathy goes out to the representatives of this Government in a foreign



land; I would be the last member of this body to stand on this floor or anywhere else and advocate any policy which would work injustice or oppression to any representative of our flag wherever uplifted, but underlying this appropriation is a policy that can not be justified.

This bill contains many lump-sum appropriations. There is, for instance, the appropriation of an additional sum of \$500,000 for the prosecution of war frauds, that sum to be expended absolutely at the discretion of the Attorney General of the United States. Congress has very little, if any, knowledge of what use has been made of the \$500,000 appropriated last year for this purpose. Certainly no Senator or Representative would rise in his place and oppose any appropriation necessary or justified for the exposure and for the punishment of fraud or crime against the Government of the United States; but therein lies the danger in lump-sum appropriations. No details are given, substantially no information is furnished to the Congress of the United States, as to what use is to be made of the enormous sum, and very little information is furnished the Congress as to what has been done with the \$500,000 heretofore appropriated.

The object of the appropriation, of course, is laudable. The detection and prosecution of fraud and crime against the Government of the United States must be commended; but the Congress ought to know that the funds that it appropriates for this laudable purpose are being wisely and properly expended. We ought to ascertain, so far as such information may be consistent with the public interest, what use has been made of the \$500,000 of public money appropriated last year to be expended absolutely without limit or restriction at the dictation of the Attorney General. Five hundred thousand dollars is a large sum of money. I have no information upon which to base an assertion that any part of that fund has been wasted; neither have I any information upon which to base the conclusion that the fund has been wisely, fairly, or justly expended. Five hundred thousand dollars was appropriated last year, \$500,000 is appropriated in this bill for the prosecution of war frauds; and, so far as I know, so far as the information goes, the results thus far accomplished have been the effectuation of an organization in the Department of Justice for the supervision of the activities of the district attorneys of the United States and for the institution of suits.

Of course, we all realize that the questions involved in such prosecutions are necessarily complicated, that investigations designed to expose crimes of the nature contemplated by the suits heretofore brought by the Attorney General present difficulties, and I have no disposition to withhold from the Government of the United States any dollar that is necessary to expose and punish any criminal who, when this country was in peril, wrongfully and unlawfully sought to enrich himself at the risk of endangering his fellow countrymen.

I can not find language adequate to express the indignation that all loyal citizens feel toward persons who robbed the Government, if such exist, when they ought to have rendered their services in patriotic spirit; but why is it that we do not know what conditions make necessary this extraordinary annual contribution of \$500,000 to be expended by an executive officer, the only restriction being as to the purchase or furnishing of buildings, and perhaps one or two other unimportant restrictions?

Reverting now to the amendment immediately under consideration, the House committee heard the same witnesses that the Senate committee heard. I have not the slightest doubt that the item adopted at the other end of the Capitol was influenced by the desire to eliminate lump-sum appropriations of this character and to get back to the basis of the adjustment of salaries by congressional rather than by executive action. While I have no disposition further to delay the Senate in the consideration or determination of the matter, I do not find from the record as submitted to me persuasive proof that the increase carried by the Senate committee amendment is justified, and I shall vote against the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 14, line 9.

The amendment was agreed to.

Mr. CURTIS. Mr. President, I understand that the Senator from Kentucky [Mr. STANLEY] has an amendment which he desires to offer. I want to state that I have not had time to look into it. If the Senator will offer it, if it is in the nature of a gratuity, as was the one offered by the Senator from Pennsylvania [Mr. REED], I shall be perfectly willing that it go to the committee of conference, and have the Senator submit to the conferees upon the part of the Senate any data he may have which we may use in conference to sustain the amendment.

Mr. STANLEY. Very well. Mr. President, I offer the amendment which I send to the desk, to come in after the amendment offered by the Senator from Pennsylvania and agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. Following the amendment heretofore agreed to, on page 13, after line 7, it is proposed to insert the following:

For Louise Carroll Masterson, widow of William W. Masterson, late consul to Plymouth, England, \$4,500, one year's salary of her deceased husband, who died while at his post of duty from illness incurred in the Consular Service.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### THE MERCHANT MARINE.

Mr. JONES of Washington. I ask unanimous consent that the Senate resume the consideration of House bill 12817, the shipping bill.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. FLETCHER obtained the floor.

Mr. HARRISON. Mr. President, if the Senator will yield, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ball	Harris	Nicholson	Smoot
Bayard	Harrison	Norbeck	Spencer
Brookhart	Heflin	Norris	Stanley
Calder	Jones, Wash.	Overman	Sterling
Capper	Kendrick	Page	Sutherland
Caraway	Keyes	Phipps	Townsend
Curtis	Ladd	Pittman	Trammell
Dial	La Follette	Pomerene	Underwood
Dillingham	McCumber	Ransdell	Wadsworth
Ernst	McKellar	Robinson	Walsh, Mass.
Fletcher	McKinley	Sheppard	Walsh, Mont.
George	McNary	Shortridge	Warren
Glass	Nelson	Simmons	Weller
Harrell	New	Smith	Williams

The PRESIDING OFFICER. Fifty-six Senators having answered to their names, a quorum is present.

Mr. BROOKHART. I submit an amendment intended to be proposed by me to the pending bill. I ask that it be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. FLETCHER. Mr. President, when we reached the point of adjournment yesterday afternoon, I was approaching some further questions raised by the Senator from Washington, and among them I might refer very briefly to one statement he made in connection with the consequences of the absence of merchant ships under the United States flag at the time of the breaking out of the war. He observed, as I recall, that one result was that cotton went down to something like 6 cents a pound. It is not very material in this connection, but for the sake of having the matter placed historically right it seems to me it is worth while to observe that the cause of the low price of cotton was not the absence of ships at that time but it was the fact that the war had broken out in Europe and the demand for American cotton had for a time been suspended.

I remember perfectly well, being in Europe at the time war was declared, that the general opinion over there—and when I reached the United States the general opinion here—was that that war would not last over four or five months. It was believed that the countries involved would be bankrupt by that time, and financially and otherwise exhausted, and that therefore it must end within four or five months. England had very good stocks of cotton on hand, Germany had some cotton, France had quite a good supply of cotton, and the market for American cotton fell down; hence the price dropped. It was not so much the absence of shipping facilities as it was a combination of economic conditions as the result of the declaration of war. Those countries undoubtedly felt that they could cease buying for the present and would be able to come into the market just before their supplies were exhausted—and they would not be exhausted ordinarily within four or five months. So they did not attempt to buy the cotton.



It must be remembered, too, that a ship, say, of 8,800 gross tons, has a cargo capacity of about 7,000 tons of freight. It takes 4 bales of cotton to make a ton, so that a ship of that size could carry 25,000 bales of cotton. It does not take many ships to carry the cotton to supply the markets possible to develop, particularly at that time. These bales of cotton are always compressed and shipped in that compressed condition, so that the ship can carry a great many bales of cotton. Ten to twenty thousand bales of cotton is not a large estimate for one of the ordinary cargo ships. That was the condition, and that unquestionably had to do with the low price of cotton. There were no more ships available for the movement of cotton when the price was 30 cents a pound than there were available when the price was 6 cents a pound.

As to the movement of our troops, it is true that none of these ships were actually constructed in our yards in time to take any material part in the movement of troops, but we requisitioned ships in pursuance of the law, and those requisitioned ships, those ships which were in process of construction and were completed, did take a very material part in the movement of our troops, and especially in the movement of supplies.

It was, however, to be expected that the countries to whose relief we were going made no sacrifice, were extremely anxious, on the other hand, to supply the necessary ships to bring our troops to their assistance. I think the figures referred to by the Senator from Washington are scarcely accurate as to the participation of American ships, both in the movement of supplies to Europe and the return of our soldiers after the armistice.

It will be recalled, too, that there was very urgent and very proper demand not only by every politician in the country but by the mothers of the country that our troops should be hurried home at the very first opportunity, and the administration would have been most severely criticized if they had not availed themselves of foreign ships and every sort of means of bringing the boys home.

Mr. W. J. Love, vice president of the Emergency Fleet Corporation of the present Shipping Board, testified at the hearings before the Appropriations Committee of the House, which had under consideration H. R. 9981, making appropriations for the Executive and for sundry executive bureaus, boards, commissions, and officers for the year ending June 30, 1923, as follows:

We transported overseas 2,104,230 of our troops, of which 951,803 were transported across in American bottoms, and of the 2,057,269 brought home, 1,785,379 were brought home in American vessels.

Of course, in addition to our troops, a tremendous amount of supplies for our troops and the Allies were transported overseas, and likewise a large amount of equipment and supplies were brought back in our ships.

Furthermore, in a speech delivered at Charleston, S. C., before the annual meeting of the South Atlantic Ports Association, November 15, 1920, Admiral Benson declared as follows:

Think of the farsighted policy which brought about the shipping act in the latter part of 1918, which piece of legislation made possible the huge undertaking that helped in a large measure to solve some of the most trying situations this world ever faced. The shipbuilders of the United States made possible the carrying overseas of approximately 95 per cent of the supplies for the American fighting forces at the front. More than 900,000 men went across in American bottoms.

I submit that these figures are scarcely in harmony with the statement furnished by the Senator from Washington upon that question.

The Senator challenged specifically three statements in the minority views on this bill, and I wish to refer to those. The first was with regard to the losses arising from ship operations being indefinite and uncertain. The report said:

Regarding the alleged losses now experienced by the Shipping Board from operations, we have no accurate data.

The Senator expressed some surprise at such language as that in view of the CONGRESSIONAL RECORD of November 25, 1922, which, at pages 225-226, carried a statement by Mr. P. Sinclair, comptroller of the Shipping Board. It will be recalled that Mr. EDMONDS, who attaches the statement as a part of his speech, had leave to print, and this did not appear in the RECORD at the time of Mr. EDMONDS's speech, but appeared some days later. When the minority report was actually written I confess that I do not recall having seen the speech in the CONGRESSIONAL RECORD to which I have referred. I did see it, however, before the report was filed, and I saw no reason for revising the language. It does seem to me now, upon a careful examination of the letter and the statement, that the language of the report is not only correct but is rather mild in giving out the thought that there was not accurate data before

any committee of Congress or before Congress as to the actual losses suffered by the Shipping Board in the operation of the ships. I submit that any reasonable man who will read the letter of the comptroller must reach the conclusion that two-thirds or three-fourths of it comprises mere estimates, mere guesses, which are based upon possible conditions that may arise in the future. It is full of "ifs" and "ands." "If" freight rates continue to decline, then the losses for the next six months must be increased so much. "If" passengers cease to travel on our ships, then the losses in the next six months must be increased so much. "If" this or that happens, we must reasonably expect that the losses will be so-and-so. But the figures finally reached of \$50,000,000 a year loss are based upon those "ifs," those conditions, and not upon actual experience.

I have tried in every way I could to get the actual figures as to the losses. When the bill was under consideration and the hearings were being held by the committees of the House and Senate, efforts were made by the minority Members to have the operating agents produce itemized statements of their earnings and expenses and submit them to the committees in order that we might have the information upon which to base calculations as to the exact losses or gains in the operation of the ships, and where and how the losses were taking place, if there were any such. But we were unable to get the agents there. We were met with a refusal to summon the operating agents and have them make the statement. The information was denied us, and now we are furnished with this statement appearing in the CONGRESSIONAL RECORD.

Let us consider that statement for a moment. It is addressed to Hon. GEORGE W. EDMONDS, House of Representatives, and is dated Washington, November 24, 1922, and reads:

Pursuant to your telephone request, I herein beg to inclose statement of estimated operating results of the United States Shipping Board Emergency Fleet Corporation for the four months from July to October, 1922, inclusive.

This is all the definite certain statement we have based upon data limited and confined to "each of the four months." The rest of it is all based upon supposition.

You will note that the total loss (without, of course, taking into account anything for capital charges, to wit, interest, insurance, or depreciation) amounts to \$13,058,593.37.

Now listen:

Out of this, however, there is a general and administrative expense not directly applicable to operation of vessels of \$2,197,513.24 for the period.

Why include that in the operating losses and in the next breath say it does not belong there? Then we have the itemized statement showing the summary of total losses, divided as follows:

July, loss on operations, \$2,242,714.14.

August, loss on operations, \$2,662,728.62.

September, loss on operations, \$3,140,860.53.

October, loss on operations, \$2,814,776.84.

This makes a total for the four months of \$10,861,080.13. I think it will hardly be disputed that we have to multiply that by three in order to get the annual loss; assuming that the same losses would continue, the 12 months would show three times that sum, which would be about \$32,000,000 for the year. Anyone can multiply \$10,861,080.13 by 3 and they will get the actual loss. Then why call it \$50,000,000? Why keep insisting that it must be \$50,000,000? All we know is that in the four months named the actual loss has been \$10,861,080, and yet they put alongside of that a total loss which they estimate at \$13,058,593.37, admitting in the same statement that in those figures are included \$2,197,513.24 which ought not to be included under the head of operating losses.

The communication then continues:

For the purposes of round figures, we will say that the loss for the period of four months has been \$11,000,000. As this is one-third of the year, should the loss keep on on this basis it would be \$33,000,000 for the year, but anyone who estimates that the loss of the Shipping Board for the year will be \$33,000,000 deceives himself. In the first place, the four months covered are the most favorable months in the year as to passenger earnings. I estimate within that period almost half of the passenger earnings of the whole 12 months accrue.

He "estimates" that. That is a mere guess. That is not based upon experience or upon facts. That is an estimate. So I say we have not accurate data as to the total amount of the losses per annum in the operation of the ships.

He continues:

It must be remembered that the summer is the great ocean passenger traveling period. The result is that while in so far as cash outlay goes the operations of passenger ships have shown very little loss in the period covered, for most of the ensuing eight months of the fiscal year the loss will be, we estimate, \$1,800,000 more than it was for the first four months.



There is an admission that there has been very little loss in the operation of the passenger ships. Most of the loss, therefore, must have come from the operation of cargo ships. Passenger lines must have been doing fairly well. He admits there has been very little loss, but he says:

Ahead of us are losses which we estimate to be \$1,800,000 more than for the first four months.

That is a mere estimate.

Our total loss of the Shipping Board has been \$13,058,593.37 for the first four months.

He puts that in again, and reiterates and reasserts it, when he knows and in the very next breath states that in that item is \$2,197,513, which arose "out of and in connection with general and administrative expense not directly applicable to operations of the vessels." And yet they keep repeating the losses of the Shipping Board and admit that they include items which ought not to come under that head at all.

Then we come to the following details in his statement:

Our loss for the first four months—

Just listen to this, Senators. Is it the purpose to deceive Congress or to deceive the public? Why can not these people be frank and open and candid and square in the matter? We are now talking about operating losses:

Our loss for the first four months, including \$2,197,513.24 for expenses not directly applicable to operation, was \$13,058,000.

Why include that? They admit it is not applicable to operation, so why include it in the statement and repeat it and reiterate it?

Mr. DIAL. Mr. President—

The PRESIDING OFFICER (Mr. WELLER in the chair). Does the Senator from Florida yield to the Senator from South Carolina?

Mr. FLETCHER. I yield.

Mr. DIAL. Some of these expenses, I understand, were for salaries for employees disposing of other property that belonged to the Shipping Board.

Mr. FLETCHER. Yes; and all that sort of thing.

Mr. DIAL. Settling claims and other matters not incident to operation of the ships.

Mr. FLETCHER. Precisely, and they say it was not, and yet they keep repeating it under the head of operations.

Mr. McKELLAR. What was the exact amount of the operation losses?

Mr. FLETCHER. Loss on operations, \$10,861,808.13.

Mr. McKELLAR. Was that for the year?

Mr. FLETCHER. No; for the four months, July, August, September, and October. They have nothing for the other months. They do not give us any information as to November, nor for previous months, for that matter.

Mr. POMERENE. What was the reason for selecting those four months?

Mr. FLETCHER. I do not know, except that perhaps that is the only data they have worked out sufficiently about which to make any sort of statement.

Mr. McKELLAR. That would not be \$50,000,000 a year, as stated by the President in his message.

Mr. FLETCHER. Of course not. It would be not over \$33,000,000, as they admit in one statement; but if we include a lot of other things that do not belong to operation it can be run up to \$50,000,000. For instance, in the same itemized statement it is said:

The immediate expenditures for structural changes to be made within the next four months on the twenty-three 535-foot passenger ships will be \$3,000,000.

Why charge that to operation? Can anybody find any reason for charging structural changes in ships to the cost of operation? Here are 23 ships, some of which will from time to time be taken out of the service, carried to shipyards, and may be changed from coal burners to oil burners or from oil burners to Diesel engines, and the expenditures so incurred are to be charged as operating expense. It is perfectly absurd. It might be decided upon the return voyage of one of these vessels to say, "We will sink the vessel." The whole vessel would then be lost. In such a case is the value of that vessel to be charged to operating expense? Or it might be concluded to cut the vessel in two, add another section to it, or to change it entirely from a sailing vessel to a steam vessel, and charge that to operating expense.

Mr. McKELLAR. It might be well said that during the four months which are taken to illustrate the cost the shipping of all the world has been in a like desperate state, has it not?

Mr. FLETCHER. Shipping all over the world has been in the most depressed situation that has existed for years and years.

Mr. McKELLAR. As a matter of fact, there is no nation in all the world but has ships tied up just as we have. They have not so many as we have, for we built a great many during the World War.

Mr. FLETCHER. That is quite true.

The next item of this loss is:

Additional losses due to adverse operating conditions for the six months, at \$500,000 per month.

On what is that based? It is a mere guess, a mere estimate. Nobody knows whether or not that loss will follow. Mr. Sinclair does not know; it is an estimate for the six months to come; and he is merely expressing his opinion about it; that is all. Therefore I say in the report there are no accurate data as to the amount of the loss. It presents a mere opinion, based upon nothing except upon the supposition that freight rates will continue to decline and that people will stop traveling across the ocean.

The next item is:

Increased cost of oil, based upon increase of 50 cents per barrel and the use of 1,000,000 barrels monthly for eight months.

I dare say the Shipping Board has not made contracts for eight months; that is not an actual, binding, fixed loss.

Mr. McKELLAR. When was that statement made?

Mr. FLETCHER. This statement was made on November 24, 1922, and is found on pages 225-226 of the CONGRESSIONAL RECORD. If the Senator will keep it before him, he can follow my comments. That is another item that is not based upon actual facts. It is merely an estimate. My information is that they are doing fairly well with oil burners and that they are making oil contracts now that are quite satisfactory. I do not believe that item belongs in this statement of losses at all.

The next item is:

Decrease in passenger earnings for winter months, six months, at \$300,000 per month.

How do they know they are going to lose that much money? That is a mere supposition; that is a guess and nothing more.

The next item is:

Estimated losses for eight months—November to June, inclusive—on the basis of the loss for the past four months, but not including the four added items immediately given above, \$26,116,000.

So Mr. Sinclair adds up the total loss for 1923 as being \$50,974,000. Then what does he do? The statement says:

Of course, in this loss is included the general and administrative expense not directly applicable to operation of vessels.

Then, why put it in? He admits that it is not applicable to operation, and yet includes it in this estimate which I have just read. What does that amount to? The statement continues:

As this was \$2,197,513.24 for the first four months, if it kept on at the same rate it would be approximately \$6,600,000 for the year. So, taking this off of the total estimate of \$50,974,000, the total loss for the year would give us an operating loss of approximately \$44,000,000.

Yet, as the statement proceeds, the supposition continues that we are bound to lose this; we are bound to lose that; and if we do the result is going to be different.

Mr. EDMONDS, who is well informed regarding this whole situation and subject, in some observations made in the other House during the debate stated that the loss was probably well stated at about \$3,000,000 a month; and that is, perhaps, nearer correct; but the Shipping Board insists on putting out this statement and claim that it is clear and definite and certain, spreading it before the country, and showing that the annual loss is \$50,000,000. When the statement comes to be analyzed, however, according to their own figures, the loss will not exceed \$44,000,000, and included in that are the structural changes and repairs and that sort of thing. The estimates of losses in the months to come are mere guesses. The sum of \$33,000,000 is perhaps as near as we can get at the facts in that matter.

Mr. McKELLAR. Mr. President, the Senator from Florida had better watch out, for if he shows that our losses are not over about \$30,000,000 a year he will remove the principal reason that is advanced for the passage of the pending bill; that is, if we tax the people some \$30,000,000 a year, it will be cheaper than the loss now incurred in handling the ships as we do.

Mr. FLETCHER. Precisely. The claim the Senator from Tennessee has in mind is being made that even if this proposed subsidy amounts to \$30,000,000 a year, inasmuch as we are losing \$50,000,000 a year, we would save \$20,000,000 a year if we passed the bill. That is the argument, but, of course, it



is perfectly ridiculous and absurd, because these expenses are going to continue whether we pass this bill or not. It will be simply piling up \$30,000,000 a year on top of the \$30,000,000 or \$50,000,000, or whatever the amount may be which represents the losses of the Shipping Board.

Mr. McKELLAR. The Senator from Florida will not forget the old illustration about the camel getting his nose under the tent. If these special interests ever get a hold on the Public Treasury they are going to continue to ask for the amounts which the American people will have to pay from time to time.

Mr. FLETCHER. Undoubtedly. Once they get this policy written into the law, it will be there to stay. We will not be able to get away from it. It will be cumulative, as it was in the case of the old Collins Line. When we gave them a subvention of so much a year, when their contract expired they came back to Congress and asked to have their subvention doubled, and Congress doubled it. After awhile, when that contract expired, Congress decided to go back to the original appropriation. What then happened? The Collins Line threw up the sponge and went out of business. That was the end of the subsidy and that was the result of its operation.

There is only one hope we have, if it may be called a hope—of course it involves going through mire to get there—but it may eventually come, just as it did in the case of the Pacific Mail scandal years ago. This bill offers all sorts of opportunities for the rankest scandal that ever was exposed in this country. It may be when that comes that we shall be able to repeal this sort of legislation and get from under it, just as we did years ago.

I quote from pages 40 and 41 of Jones's Government Aid to Merchant Shipping as follows:

In 1872 the Pacific Mail Steamship Co. proposed the establishment of another monthly mail steamship line to China and Japan for an additional subvention of \$500,000 per year. After much debate Congress adopted the proposal and a contract to that effect was entered into. This contract, however, was abrogated by act of March 3, 1875, after it was discovered that the law had been passed as a result of corruption and the company had failed to carry out its part of the agreement.

During this period, however, the policy of granting mail subventions received a deathblow.

Why? Because of the scandal.

The disclosures as to the maintenance of a corrupt lobby to secure congressional approval of the second Pacific Mail contract left such an unfavorable impression upon the popular mind that no serious attempt was made to institute subvention payments for at least 10 years.

Mr. Meeker in his History of Shipping Subsidies, on pages 100 and 161, discusses the same subject as follows:

In 1872 the Pacific Mail Co. offered to run another monthly service to China and Japan for an additional \$500,000 a year. With considerable difficulty a bill authorizing such a contract was passed by Congress June 1, 1872. In 1874 it was discovered that bribery had been employed to secure the passage of the measure. It was proven that the company had spent about \$1,000,000 to push the bill through Congress. The new contract was abrogated by the Government because of the improper methods used in gaining the necessary legislation, and the subsequent failure of the company to fulfill the conditions of the said contract.

That was one way to get rid of that subsidy. The information which leaked out to the public that a million dollars had been used to pass the bill, and the absolute failure of the shipping company to keep the contract, spelled its doom. It may be that some such thing as that may develop in connection with this character of legislation should it ever be passed, because it will open the door for people all over the country to come flocking here to Washington and to the Shipping Board for governmental favor. This bill provides that the board shall have absolute discretion within its own sweet will to double the subsidies provided for and set forth in the compensation, direct-aid fund, which is permanently appropriated to the extent of \$30,000,000 a year for 10 years, with the privilege to the Shipping Board of extending it five years further.

Mr. McKELLAR. Mr. President—

Mr. FLETCHER. I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I assume that any shipping company to be prosperous must have cargoes to transport. How will the payment of a cash subsidy increase the cargoes of any shipping company? The Senator is on the Committee on Commerce, and I will ask him what statement has been made in the hearings or what evidence has been adduced to show that the mere payment by the Government of a cash bounty will increase the cargoes of any particular shipping company?

Mr. FLETCHER. Mr. President, the Senator has put his finger on the very spot that is the most tender to our subsidy friends and important in this whole question—that is, that in order to have a prosperous merchant marine we must have

cargoes. It avails us nothing to have ships sailing the ocean empty. We must have cargoes in order to make possible the development of a merchant marine. There must be demand for the ships, and that means cargoes. This subsidy does not create any cargoes anywhere. It does not reach that point at all. It simply encourages a few people to buy these ships, and then it is assumed that because they have ships they will go out and hunt cargoes, I suppose; and a loan fund of \$125,000,000 is provided for here, to be loaned at 4½ per cent. The intention of that is to encourage people to build more ships.

Mr. McKELLAR. Why build more, when we now have, according to Mr. Lasker, twice as many as we need?

Mr. FLETCHER. That is a pertinent inquiry. The argument that is made in reply to that suggestion is that we need some more of a different kind and type; but, for the life of me, I can not see how appropriating this money permanently, as this bill does, during the whole period of 10 years, with a possible extension, and a very probable extension, of five years more, I can not see how permanently appropriating \$30,000,000 a year out of this one fund, outside of other benefits carried in the bill, is going to create cargoes or, in their absence, a demand for ships.

The most that might be hoped for would be that in some three years several hundred of our best and most profitable ships might be purchased leaving us with some 800 others on hand and the enormous overhead flourishing as usual.

Mr. McKELLAR. Mr. President, if the Senator will permit me again, carrying out the idea that I have in regard to cargoes being necessary in order to build up a merchant marine, as I understand this bill it does not give bounties to the ships of the Standard Oil Co., the ships of the Steel Corporation, or the ships of the United Fruit Co. They are excluded, as I understand, under this bill. Is that correct?

Mr. FLETCHER. No; they get compensation. They get some benefits, too, under the provision with reference to the reductions allowed on depreciation of ships in their income tax.

Mr. McKELLAR. Yes; but I am talking about cash subsidies.

Mr. FLETCHER. They get the subsidy as the bill was reported to the House. There was an amendment which excluded earnings from carrying their own commodities, from tax exemption, and the Commerce Committee amendment excludes them from participation in the loan fund. That committee likewise purposes to strike out the income-tax exemptions except they permit deductions for depreciation.

Mr. McKELLAR. They are excluded from them?

Mr. FLETCHER. Not from compensation.

Mr. McKELLAR. I know of no better illustration of the view that it is necessary to have cargoes to make good business. All of these three concerns have a large number of ships. Those ships have cargoes. They are carrying their cargoes to every port in the world perhaps—not the United Fruit Co. but the other two companies are.

They are carrying their goods everywhere. They are busy. They have business. They are making money. They do not need a subsidy. It does seem to me, therefore, that Congress should direct its efforts toward getting business for our merchant marine, not toward paying subsidies for no work being done.

Mr. FLETCHER. Of course, the Senator is correct about that; but instead of doing that, instead of encouraging the development of trade, Congress passes a tariff law which will have the effect of decreasing imports and therefore lessening the amount of goods to move into this country, and certainly that will be reflected in a decrease of exports as well. Congress has not only done that but it put an amendment upon the tariff bill which obliges American ships, if they have to be repaired in foreign yards, to pay 50 per cent of the cost of those repairs as a tax. There are no other ships that do that. We have ships sailing around the world, tramps going from one port to another, perhaps gone 8, 9, or 10 months from home. They may be forced to have repairs made in foreign ports. What is the result? The American has to pay 50 per cent in addition as a tax upon the cost of those repairs, whereas the foreigner has no such obligation at all. That is the way in which Congress encourages our ships, as far as that is concerned. I say that we ought to spare our shipping burdens and taxes of that kind and not seek to encourage a few shipowners to get more ships and come to the Government for special favors to be compensated by direct payments out of the Treasury for what they claim to be the difference in operating under our flag and under a foreign flag.

On this question of losses, the old saying is that figures will not lie, and I presume that is true; but there are a great many



people who know how to manipulate them in such a way that they bring about inaccurate results. I do not know how these figures were compiled. We were unable to get that information before the committee, but it is certainly inconsistent with other reports from the same Shipping Board.

I happen to have before me a copy of the speech which I made August 20, 1921, in the Senate, and I quote from that:

Mr. Tweedale then stated—

Mr. Tweedale was the comptroller—

Mr. Tweedale then stated, on May 9, 1921, that—  
"From the beginning of the operation of this fleet to May 1, 1919, we paid all the expenses of the fleet, the operation of the fleet, and in addition to that declared a profit of \$48,325,000, and also laid up \$33,000,000 for depreciation, making a total of \$81,325,000. From that point, May 1, 1919, down to March 1, 1921, the fleet was operated at a profit of \$17,000,000."

That is a statement from another comptroller of the Shipping Board, made at the time I have mentioned, and covering the dates set forth.

Then Mr. Tweedale further says:

If depreciation on original cost (average, \$200 per dead-weight ton) on a 10-year life basis, which we have been using, were added, it would amount to \$149,451,725. This, if added to the operation loss, would increase the total loss to \$179,289,322.

Of course, it is absurd to figure 10 per cent depreciation on a cost of \$200 a ton when we are offering these ships at \$30 a ton.

If figures above used to cover insurance, repairs, and depreciation were reduced from January 1, 1921, to a figure more commensurate with present conditions, insurance and repairs would be reduced by \$16,798,838 (divided: Insurance, \$11,199,188, and repairs, \$5,599,650). Depreciation would be reduced by \$41,996,980.

If the reduced figures mentioned were used, and I think they are considered ample, the results shown above would be changed and appear as follows:

Gross revenue	-----	\$379,254,708
Expenses, including repairs, insurance, and overhead	-----	396,053,546
Net loss from operation	-----	16,798,838

That is the statement of that comptroller; and, in any event, these losses ought not to amount to any \$50,000,000 a year. There is certainly no excuse whatever for continuing any such losses.

The next proposition is with regard to the amount of subsidies paid by other countries. The Senator from Washington calls my attention to this same CONGRESSIONAL RECORD and to a statement made by Mr. E. T. Chamberlain, Commissioner of Navigation, appearing therein at page 224. The minority report says—which is, of course, general language—that our belief is that the entire subsidies and subventions and aids given to shipping in England, France, Italy, and Japan will not exceed \$17,000,000 per annum.

The argument is made here in support of this bill that we ought to have subsidies because our competitors are paid such enormous subsidies; that we must be put in position to be on an equal footing with them; and that is a reason why we should come to this policy of granting subsidies. We have said in the minority report that in our judgment the total subsidies paid by all those countries annually will not exceed \$17,000,000.

Mr. POMERENE. Mr. President, will the Senator suggest what classes of vessels receive these subsidies? I ask that question because, as I understand, in Great Britain subsidies are granted only to the fast liners; and I should like more detailed information upon that point.

Mr. FLETCHER. Yes; I propose to go into that subject a little more fully. I will say to the Senator generally, however, that the subsidies provided in all countries to-day are practically confined to subventions in the way of postal contracts, ocean-mail pay. That is practically what they have all come to. Great Britain has come to that, and there are a few other countries paying some bounty for constructing ships, and that sort of thing; but they have come practically to that one thing—subventions in the way of mail contracts—and we have done that since 1891. We are doing it now. The estimate this year is that the cost of carrying our ocean mail will be something over \$6,000,000. We propose in this bill to require that that mail shall move in American ships.

Mr. McKELLAR. Mr. President, if the Senator will yield, during the past year the cost of carrying the mail in our own vessels was \$4,000,000, whereas in round numbers we paid foreign ships about \$2,000,000 for carrying another portion of our mails.

Mr. FLETCHER. Exactly.

Mr. McKELLAR. And we are virtually the only nation in the world that hires the ships of other nations. Here we have, as reported by the chairman of the Shipping Board, over a

thousand vessels tied up, and four hundred and twenty-odd vessels of our own running, and yet we are paying over \$2,000,000 a year to the ships of other nations for carrying our mail under the contracts we have with them. I took the trouble to look up and see what other nations were employing American ships to carry mail for them, and I found that the new kingdom or republic of Esthonia and the new kingdom or republic of Finland were paying some small sum, probably less than \$1,000, to American ships for carrying the mail of those two countries alone. Great Britain does not employ, and has never at any time employed, American vessels to carry her mail.

Mr. FLETCHER. On this subject of subsidies the Senator inserted a statement by Mr. Chamberlain at page 405 of the CONGRESSIONAL RECORD. I am astonished that Mr. Chamberlain should make this statement. I can not understand for a moment how he manages to so arrange these figures as to make this sort of showing. I would guarantee to discredit that whole statement from beginning to end by just analyzing one item in it.

Take Australia, for instance. Under the head of subsidies, mind you, he says:

Contract ocean mail payments (1922) were \$792,485.  
Fiji Islands, \$53,880.

Great Britain and Australia, and perhaps Canada, generally provide these subventions for carrying the mails not only to foreign countries, strictly speaking, but to their different colonies or dependencies or outlying islands.

We do not provide them for such service. Our ocean mail contracts refer to the foreign movement of mails entirely. They do not apply to mails to Porto Rico or Hawaii or Panama.

I read further from Mr. Chamberlain's statement. Under the head of "Subsidies" he says:

Commonwealth Government fleet (first cost of fleet to June 30, 1922, was £14,518,789), net earnings without allowance for interest and depreciation, £7,371,053.

Leaving as subsidies \$32,093,334.64.

The next item is:

Completion shipbuilding program, \$9,429,000.

The Senator from Washington has it appear, and it is set forth in this summary, that the subsidy paid by Australia is \$59,529,784.64 a year, whereas included in that item is the total cost of the fleet built by Australia and another shipbuilding program which she has now under way. That is classified as a subsidy. Australia is building her own ships. The Government is operating the ships, and successfully operating them. Last year she made a net profit of \$33,000,000 operating her fleet; yet they say this Government can not do anything like that; that we are impotent; that we are incompetent; that we are incapable. Australia is doing it; and they want to charge as a subsidy the total cost of the fleet—\$32,093,334—and \$9,429,000, to go to make up the subsidy of \$42,000,000.

I would like to know, if Mr. Chamberlain were called upon to report to Lloyd's, for instance, what subvention or subsidy the United States pays to her shipping annually, whether he would say we paid \$6,000,000 for carrying our mails on the ocean and \$3,000,000,000 the cost of our fleet. If he were to report the subsidy paid by the United States annually, he might with equal justification report \$3,000,000,000, and \$6,000,000 more for carrying the mails. Think of putting out a statement on the subject of subsidies and including in it the total cost of the ships for Australia and her present program of construction as well.

That ought to discredit that whole statement, and I should not take up a minute's time in reading any other item in it. We find that when he gives what Italy is paying, \$28,576,000, he says Italy pays that as subsidies. I venture to say that is two-thirds construction. If not construction, it is for some purpose outside of real, bona fide subsidies. Italy can not pay any such money as that for subsidies. She never has paid such an amount.

I want to quote from Mr. Chamberlain himself. I do not know when he made this statement just quoted and appearing in the RECORD of November 28, as it does not seem to bear any date, but undoubtedly he must have made it before December 4 because it appears in the RECORD of November 28. On December 4, 1922, this is what the same Mr. Chamberlain said under the title "The Italian Merchant Marine," appearing in the Commerce Reports:

Indeed, even in July the Government explanation of the budget estimate for 1922 and 1923 seemed to forecast reductions or abandonment of the construction and navigation bounty system.

As a matter of fact, Mr. Chamberlain well knows that the new Government in Italy has to-day practically abandoned those bounties to which he refers here, and no government in Italy will call upon the people or can call upon the people of



that country to pay any such subsidies as he set forth in this statement. He knows that. It is perfectly ridiculous.

You may estimate \$5,000,000 as the subsidy paid by Italy, and you will be very liberal in your estimate. You may estimate \$2,500,000 for England, \$5,000,000 for France, and \$5,000,000 for Japan, making \$12,500,000, and give \$5,000,000 to Italy, and you will not be much above the figure given in the report of the minority on this bill, \$17,000,000, for these four competing nations, against which we must protect ourselves by appropriating \$30,000,000 to our shipowners.

There is a statement on that subject appearing in the hearings at page 89, a statement prepared by the Shipping Board, put out by the Shipping Board, printed by the Shipping Board, but just as soon they had a chance to thoroughly examine it they suppressed its circulation, because it did not suit their views; it did not support this bill. It was, however, entitled as coming from the Shipping Board and was prepared at their request. Here is the statement at page 89:

By the law of 1900 changes in the navigation bounty were made. Foreign-built vessels were excluded and the rates were greatly reduced, namely, from 80 centimes to 45 for steamships and 20 centimes for sailing vessels, with a limitation on the mileage for which bounties could be received from 40,000 to 50,000 miles for steam and 10,000 for sailing vessels. The tonnage also was limited so that bounties could not be received for the excess over 20,000 tons in any year, nor over 40,000 tons in any year after 1903, during the operation of the law of 1896. The maximum tonnage entitled to bounty was limited to 200,000 gross tons and the annual expenditure to 10,000,000 lire.

Of course, the amount of lire paid for subventions and bounties and aids in Italy appears very large, but we know the value of the lire has come down from 14 cents and something to very little over 4 cents in our money. I read further:

By the law of 1911, which slightly changed the provisions, a limitation on bounties is fixed by statute, the limit being 6,200,000 lire annually.

That is the limitation, 6,200,000 lire annually, not dollars. I continue reading:

The total construction and navigation bounties in 1910 amounted to \$1,200,000, divided about equally between construction and navigation.

They acquired some ships. They got some Austrian ships, and they built some ships, and I presume Mr. Chamberlain has charged in this statement of the subsidy what it has cost the Government to acquire, construct, build, and purchase ships. I read further:

By the law of 1913 a new form of bounty for Italian-built ships was inaugurated, namely a yearly payment of 2½ per cent of the value of the ship. To receive the bounty the ship must be operated at least 160 days in the year, the amount being proportionately reduced for operation for a shorter time. The total appropriation under this law can not exceed in any one year 2,300,000 lire.

The total under that law can not exceed 2,300,000 lire, each lire being worth now about 4 cents. I continue reading:

Individual lines receive annual subventions for particular services. For example, the Italian-Brazilian lines, for two voyages monthly, receive about \$5,000 per round voyage, or \$636,000 for a period of five years.

Maybe Mr. Chamberlain has estimated a five-year contract in these figures; I can not say. But the statement is given out as to an annual subvention. This continues:

Two-thirds is paid by the Brazilian Federal Government and one-third by the State of Sao Paulo, which has much Italian labor. Whether this contract is still in force is not known. It expired originally in 1917.

An agreement between Italy and Chile provides for a payment of about \$100,000 annually for a service between Genoa and Valparaiso and other Chilean ports. The purpose was to move the nitrate direct to Italy.

Postal subventions are paid by Italy to the amount of about \$2,500,000 annually for various services, mostly to far-distant ports.

Taking the statement of this expert who examined the whole question of subsidies and reported for the benefit of the committee considering this bill, entitled "Appendix A to the hearings, report of the history of shipping discriminations and on various forms of Government aid and shipping," we must reach the conclusion that the total postal subventions paid in Italy annually amount to \$2,500,000, and the statement is made that as to construction bounties they were to be discontinued in the recent budget.

I have allowed for Italy \$5,000,000 for subventions and aids, and I do not believe she will pay more than \$2,500,000. I have made an excessive allowance for Italy, therefore.

As to all these countries, the principal aids are subventions. For instance, take Great Britain. I referred a moment ago to the point raised by the Senator from Tennessee about what we are doing to really bring about the establishment of a merchant marine and looking toward providing for cargoes. We have gone on and repealed the Panama Canal act admitting foreign-built ships to American registry. That does away with

what we might call free-ship policy. That was done in the merchant marine act of 1920.

Great Britain has never granted general navigation bounties—

Said this author—

nor construction bounties, with the exception of the early European subsidies above mentioned. Practically the only money aid given by Great Britain to its marine is in the form of postal subventions.

The first of these subventions came in 1838 for a mail service between Liverpool, Halifax, and New York.

Mr. McKELLAR. What did it amount to, all told?

Mr. FLETCHER. The postal subvention, after reductions, amounted to about \$2,500,000.

I do not care what has been said; that statement I believe. It was made by a student of the subject who prepared it for the guidance and help of the committees considering the bill.

All the writers seem to agree that the growth of the British merchant marine is in no sense due to the small subsidy paid, admitting that the payments are in excess of the postal service rendered. The growth of the British marine was probably due to the early development of British industry, the acquisition of extensive colonial possessions, and the monopolistic or preferred position in colonial trade. The cheapness of construction and the concentration on the business account for most of its success.

The various Provinces of Australia grant postal subventions, including the Commonwealth, amounting to about \$225,000. New Zealand pays small amounts based on the weight of the mail carried.

Mr. McKELLAR. Mr. President, I want to call the Senator's attention to the fact that the United States now pays through postal subventions virtually as much as England, as she pays in the neighborhood of \$2,000,000 now as postal subventions, and if the figures of the Senator from Florida are correct as to the amount to be paid next year being \$6,000,000, we will pay more in postal subventions than Great Britain is now paying.

Mr. FLETCHER. Undoubtedly that is true.

We come next to the reference to France at page 86 of Appendix A in the hearings:

France appears to be the country of subventions par excellence, although in 1910 its merchant marine was outranked by Great Britain, the United States, Germany, Norway, and Japan. In 1881 its enlarged program of direct subventions began. From 1870 to 1913 its net tonnage ranged as follows:

Year.	Sail	Steam	Total
1870.....	917,633	154,415	1,072,048
1880.....	641,539	277,759	919,298
1913.....	601,983	980,433	1,582,416

This simply shows that the most liberal country in the world in granting subsidies made no material progress whatever in the creation of its merchant marine. It is perfectly well known that it was a scandal, world-wide almost, how French ships sailed about the ocean empty simply to draw the subsidy. It did not help the commerce of France one bit, and did not build up any trade, and did not establish a merchant marine. That is a thought worth while in considering the bill. The total postal subsidies in 1911 paid by France amounted to about \$5,500,000. They have remained in the neighborhood of \$5,000,000 since 1889.

I am willing to accept the statement of Mr. Chamberlain as to the subventions allowed France without taking up the time to go into that any further, which is \$5,107,104 per annum. Granting that and assuming Great Britain, France, and Italy, at the figures which I have mentioned, and Japan, at the figures Mr. Chamberlain gives of \$4,831,411, we are well within the \$17,000,000 for all four of the countries.

Mr. Merrill, an official of the Shipping Board, at page 634 of the hearings, said:

No, sir; practically no subsidy was ever given by England.

Mr. Lissner, one of the commissioners of the Shipping Board, at page 635, referring to Great Britain, said:

They have never given anything, so far as I know, purely as a subsidy to build up a merchant marine.

The report to which I just referred, Appendix A, states:

Great Britain has never granted general navigation bounties nor construction bounties, with the exception of the early Elizabethan subsidies above mentioned.

Those were in 1662 and 1694. The report further states:

Bounties had no noticeable effect on ship construction. Practically the only money aid given by Britain to its marine is in the form of postal subvention.

I have referred to the language in the report.

All the writers seem to agree that the growth of the British merchant marine is in no sense due to the small subsidy paid, admitting that the payments are in excess of postal services rendered.



Referring, as some people do, to the assistance to the Cunard Line by England as if that were a tremendous subsidy, Mr. Jones, in his work on Government Aid to Merchant Shipping, said:

The only instance of a loan to a steamship company by the British Government was the loan made to the Cunard Steamship Co. under the mail and Admiralty subvention contract of 1903. Under this contract the British Government loaned the steamship company £2,600,000 (\$12,652,900) for the building of two steamers (the *Lusitania* and the *Mauretania*) that should be faster than any afloat and suitable for the use of the Admiralty. The loan was made at the rate of 2½ per cent, which is about 2 per cent lower than the rate at which the company could have borrowed a similar amount in the open market.

It is very likely the British Government could borrow money at a very low rate of interest at that time. Then the author further said:

The British Government is a stockholder in the Cunard Co. to the extent of one share and has a mortgage on its fleet and other property as a security for the loan. The Government has, moreover, the right to charter or purchase at agreed rates all or any of the company's vessels at any time, and requires that the company shall remain a purely British undertaking; that its management shall be in the hands of, and that its shares and vessels shall be held by, British subjects only; that it shall not give preferential rates to foreigners; and that it shall not unduly raise freights.

I think I have shown from the hearings, from an analysis of this statement, from the authorities which I have cited, even from Mr. Chamberlain himself, that the report is well within the limits when we estimate that the total subventions and aid to these so-called chief competitors of ours on the seas—England, France, Italy, and Japan—were \$17,000,000 a year. If that is true, of course there can be no support for the claim that we must contribute two or three times that amount and donate that sum out of our Treasury in order to put us on an equal footing with those countries.

Referring to the Commerce Report of September 19, 1922, at page 837, anyone further interested in the subject of Japanese shipping bounties will find an interesting article by Mr. Chamberlain. It confirms the estimate which we have made at what he sets forth in his statement. We have made it in round figures, in our judgment, at \$5,000,000, while he makes it at \$4,831,411. Japan is not being very well pleased with the result of her subsidy even to that extent. Practically all aid nowadays made by the maritime powers to their shipping is in the way of mail subvention or postal contracts for carrying their mails overseas, and that we have been doing right along ever since 1891. As has been mentioned by the Senator from Tennessee [Mr. McKellar], the amount which we pay in that direction is far in excess of that paid by any other country in the world.

Now I pass to the next question raised concerning the success of the Panama Steamship Line and the United States Lines. In our report we have referred to those two Government-operated lines as doing a successful business. I have based my belief in the accuracy of that statement upon the testimony of witnesses taken before the committees of Congress. If we have come to a time when we should pay no more attention to the people who come here and appear before these committees and give their statements, then we might just as well abandon all hearings on bills referred to committees. We might cease to pay any attention to what witnesses say, and particularly when witnesses come here voluntarily and offer their statements in solemn hearings while we are making an earnest and conscientious effort to get at the truth and seek the development of facts.

If we can not depend upon the statements which appear there—which are uncontradicted, mind you—then I am at a loss to know upon what we can depend. I do not own any ships; I am not connected with the Panama Railroad Steamship Line and know nothing about its business; I am not connected with the United States Lines and know nothing of personal knowledge about them; but I have a right to ask information on the subject; and when the subject is under consideration by a committee of Congress I think I am justified in depending upon the uncontradicted statements of people who are supposed to be and who are reputable citizens.

What do we claim as the basis for the statement that those lines have been doing a successful business? I wish to call attention to the hearings. I will merely refer to page 363 and ask that the statement appearing there, which is entitled "Tentative statement of revenue and expenses of United States Lines, by services and by vessels, for four months ending December 30, 1921," with the note attached, may be inserted in the Record. I shall not take time to read it.

The VICE PRESIDENT. Without objection, it is so ordered. The table referred to is as follows:

Tentative statement of revenue and expenses of United States Lines, by services and by vessels, for four months ended December 31, 1921.

	Weeks in service.	Revenue.	Expenses.	Net operating revenue.
<b>New York-Bremen service:</b>				
Potomac.....	4	\$76,270.00	\$47,075.34	\$29,194.66
America.....	3	300,377.60	179,751.94	120,625.66
Hudson.....	5	105,512.87	118,320.93	6,808.06
George Washington.....	2	505,158.24	267,519.70	237,638.54
Princess Matoika.....	5	100,055.63	104,521.99	4,433.50
Potomac.....	5	108,890.84	110,441.72	1,450.88
America.....	4	240,150.08	191,012.99	49,137.09
George Washington.....	3	369,760.32	245,722.68	124,037.64
Hudson.....	6	117,862.97	114,470.45	3,392.51
Princess Matoika.....	6	79,917.85	101,504.07	21,586.22
America.....	5	215,934.85	182,540.94	33,393.91
George Washington.....	4	387,134.13	238,201.05	148,933.08
Potomac.....	6	75,660.66	102,311.12	26,650.44
<b>Total.....</b>		<b>2,684,687.04</b>	<b>1,998,394.93</b>	<b>686,292.11</b>
<b>New York-London service:</b>				
Old North State.....	9	18,939.56	18,297.44	642.12
Centennial State.....	3	69,914.91	89,932.17	20,017.26
Old North State.....	10	64,378.41	70,203.41	5,825.00
Centennial State.....	4	56,713.15	70,813.63	14,100.48
Panhandle State.....	9	28,395.45	85,493.50	57,097.05
Centennial State.....	5	39,459.54	69,705.10	30,245.56
Panhandle State.....	10	42,480.97	66,570.42	24,089.45
<b>Total.....</b>		<b>320,282.99</b>	<b>471,315.67</b>	<b>151,032.68</b>
<b>Total both services.....</b>		<b>3,004,970.03</b>	<b>2,469,710.60</b>	<b>535,259.43</b>

NOTE.—The expenses do not include any charter hire, insurance, interest, depreciation, nor repairs made by United States Shipping Board, but do include all expenses incurred by United States Lines; also coal, oil, and advertising paid by United States Shipping Board as well as office rent and wharfage billed by United States Shipping Board.

Mr. FLETCHER. I now take the subject up at page 361 of the hearings. Mr. Rosbottom is on the witness stand, and he states:

The United States Lines is the creature of the Shipping Board. The Shipping Board owns the steamers. They were the steamers that had been chartered and sold on partial-time payments, I believe, to the United States Mail Steamship Co., to be operated between New York and European ports. Then when the United States Mail went into the hands of a receiver these steamers were thrown back on the Shipping Board, and the Shipping Board requested the Secretary of War to transfer me from the Panama Line to the United States Lines to manage the United States Lines until such time as the lines could be sold.

Mr. BANKHEAD. Are they really being operated then by the Shipping Board at the present time?

Mr. ROSBOTTOM. They are being operated by the Shipping Board; yes. The names of the steamers are the *George Washington*, the *America*, the *Princess Matoika*, the *Hudson*, the *Potomac*, the *Lone Star State*, the *Peninsular State*, the *Susquehanna*, the *Centennial State*, the *Old North State*, the *Blue Hen State*, the *Granite State*, and the *Panhandle State*.

Mr. BANKHEAD. These represent about the best types that the Shipping Board own, do they not, Mr. Rosbottom?

Mr. ROSBOTTOM. Some of them represent the best and some of them represent the very worst.

Mr. BANKHEAD. In what particular do they represent the very worst?

Mr. ROSBOTTOM. In plain language, I have what you might call a horse and a mule and a jackass team. [Laughter.]

Mr. BANKHEAD. That is what we call a "spike" team down in my country.

Mr. ROSBOTTOM. It is the worst kind of a team you could possibly have. I have got the *George Washington*, which is a real steamer; the *America*, which is a real steamer, and would be a real steamer to-day had it not been for the fact that the United States Mail Steamship Co., instead of restoring her to the condition in which the Germans left her, felt that they knew more about the steamship than the Germans did, and reconditioned her to such an extent that she is a mule now.

I have the *Peninsular State* and the *Lone Star State*, which are of the 535-foot type. Those steamers are very well adapted to South Atlantic trade, because they have fine accommodations first class, no second-class accommodations, and open steerage for third class. I have induced the Shipping Board to put in closed rooms for the third class. Those two steamers, which cost something like \$7,000,000 apiece, are not fitted for the North Atlantic run. Their speed is satisfactory but they carry too few first cabins, no second cabins, and too few third class. The result is that I have the operating expense of a big ship and the operating revenue of a little ship.

Now, the five steamers that we operate in the London service, such as the *Granite State* and the *Centennial State*, they were in exactly the same situation. They are smaller. They operated at about 14 knots instead of 18, but they had luxurious first-class accommodations and no third class. Really they were cargo steamers and then the passenger accommodations were installed as sort of an afterthought.

The operating expense of those steamers is just about as heavy as the operating expense of a first-class passenger steamer, but the operating revenue is reduced from a passenger standpoint, because they can not accommodate the passengers. To offset that we have induced the Shipping Board to allow us to install additional berths in these first-class accommodations, so that all these London steamers now are what is known as the cabin type of steamer. Then also we are installing third-class accommodations. We are doing that with the idea of increasing our operating revenue.

The other steamers that I am operating to Bremen and to Dantzic, such as the *Princess Matoika* and the *Hudson* and the *Potomac* and the *Susquehanna*, are the old German tubs.



Mr. BANKHEAD. They are the jackasses?  
Mr. ROSSBOTTOM. Those are the jackasses. They are full fledged. Their operating expenses are enormous and I can not get any operating revenue out of them because people will not travel in them. The third-class accommodations are not fit for pigs to be stowed in, and the ships are old, the steel is crystallizing, and I have all kinds of expenses for repairs on them.

Mr. BANKHEAD. Has your Shipping Board got any vessels that they could put at your disposal that are superior in equipment to those?

Mr. ROSSBOTTOM. Unfortunately they have not. Before I came with the United States Lines they assigned a number of these 535-foot steamers to the trans-Pacific run. If I had 535-foot steamers instead of the German tubs I could make some money in the Bremen run, even with the 535's, but I can not make enough money now out of the *George Washington* and out of the *America* to carry along the rest of my invalids.

Mr. BANKHEAD. You are making money with the *George Washington* and the *America*?

Mr. ROSSBOTTOM. Yes; there is no question about that.

Mr. BANKHEAD. Is there a pretty good profit on those two ships under present conditions?

This is what Mr. Rossbottom says. He is testifying here as to the practical results of the operation of this line, of which he is general manager—

Mr. ROSSBOTTOM. Yes. Of course, in my operation I am not charged charter hire, interest, or depreciation. Those ships are owned by the Shipping Board.

Mr. BANKHEAD. What is your average profit per run on those two first-class vessels, not charging in those items that you suggested?

Mr. ROSSBOTTOM. Well, not charging in the interest, insurance, or depreciation, I can tell you just what they have been.

On voyage No. 2 of the *George Washington* my net operating revenue was \$237,638; on voyage No. 3 it was \$124,000; on voyage No. 4 it was \$148,000.

On the *America*, voyage No. 3, the operating revenue was \$120,000. I am just giving you round figures. On the next voyage of the *America* it was \$49,000. On the next voyage of the *America*, \$33,000.

My total operating revenue, for instance, for the four months ending December 31, for all the steamers in the Bremen service, was \$686,292.

Mr. BANKHEAD. Is that a statement that you have there of the operation of these vessels?

Mr. ROSSBOTTOM. Yes.

Then follows the statement which I have asked to have inserted in the RECORD. It will be seen that that statement covers "all expenses incurred by the United States Lines; also coal, oil, and advertising paid by the United States Shipping Board, as well as office rent and wharfage billed by United States Shipping Board"; and it shows a net operating revenue of \$535,259.43.

Mr. Rossbottom further, at page 376, referring to these tubs, as he calls them, says:

They ought not to be in the business, because their earning capacity is not sufficient.

Mr. HARDY. In other words, you can not make a profit out of the use of utensils or implements that are not fitted for the service and not proper to have in it?

Mr. ROSSBOTTOM. That is right. The angel Gabriel could not operate those steamers and make a profit out of them.

Mr. HARDY. You could not make a profit out of them, whether they were operated by the Government, by private owners, or public owners, or not?

Mr. ROSSBOTTOM. No. No man could make a profit out of them. It would be a crime to turn them over to a private operator until they are in a position to make a profit. Any private operator would go bankrupt in trying to operate them now.

Mr. HARDY. Then, your position is, so far as those steamers are concerned, they ought to be dropped out?

Mr. ROSSBOTTOM. The ones that we can not operate profitably?

Mr. HARDY. Yes.

Mr. ROSSBOTTOM. Yes. But now there are reasons of policy, of course, why they should be continued for the time being, until they secure other ships to take their place. For instance, the inauguration of an American line to London; there is no American line to London, excepting the United States Lines, and the policy of the Shipping Board, as outlined to me by Mr. Lasker, is that the Shipping Board, in compliance with the Jones Act, is quite willing to incur a loss to maintain a line of that kind until it can be operated profitably. As far as the Bremen service is concerned, if we gave up operating these three or four lame ducks, instead of operating a weekly service to Bremen we would be operating a service only about every 12 or 15 days.

Mr. HARDY. You said three or four of those lame ducks; can you name the ones that are not fitted?

Mr. ROSSBOTTOM. Yes. The *Potomac*, the *Princess Matoika*, the *Hudson*, and the *Susquehanna*.

Mr. HARDY. Those four?

Mr. ROSSBOTTOM. Those four.

Mr. HARDY. And they are of a kind that you do not think could be repaired and put in shape to make them profitable?

Mr. ROSSBOTTOM. Yes, they can be; but it would be an enormous expense, and I doubt very much whether that expense would be justified, in view of the age of the ships.

Mr. HARDY. They are old and probably would cost more than they would be worth after they were repaired?

Mr. ROSSBOTTOM. Those steamers, I think, are 20 or 21 years of age. It would cost you easily \$300,000 to put them in a proper condition; and, after that is done, you could not sell them for \$300,000.

Mr. HARDY. About what size are they?

Mr. ROSSBOTTOM. They are about—they range from 9,000 to 12,000 gross tons and are about 500 feet long.

Mr. HARDY. That would be about 15,000 dead-weight tons, would it not?

Mr. ROSSBOTTOM. About that.

Mr. HARDY. And it is your theory that we had better keep up some of the lines, even at a loss, than to abandon the vessels that are continually in service?

Mr. ROSSBOTTOM. Yes.

Mr. HARDY. I am not prepared to dispute the wisdom of that, unless other ships of those the Government possesses, some 1,400 steel vessels, can be found that are more adapted to that. How about that; are there any more suitable ships in the list of our some 3,000,000 tons of first-class shipping—

Mr. ROSSBOTTOM. Yes.

Mr. HARDY (continuing). That could be substituted in place of these unprofitable ships?

Mr. ROSSBOTTOM. Yes.

Mr. HARDY. Are any of those ships now idle?

Mr. ROSSBOTTOM. They are.

Mr. HARDY. Is there any reason in the world why they should not be substituted and made to earn something, instead of using those that are earning nothing—that are losing money?

Mr. ROSSBOTTOM. The only reason is the cost of fitting them for the service. There are three steamers that I have in mind that if I had them in the United States Lines with the *America* and *George Washington* I would not take off my hat to anybody.

Mr. HARDY. You could run those ships under the present laws and make money out of them?

Mr. ROSSBOTTOM. If I had the *Mount Vernon* fitted for first, second, and third class passengers, the *Agamemnon* and the *President Grant* fitted as cabin steamers, those three steamers, with the *George Washington* and the *America*, would give the Shipping Board a real American fleet in the North Atlantic, so that when the time came to sell to private owners they would have something worth selling and the owner would have something worth buying; but it is going to take money, you know, to fit those steamers up. I do not know how much, probably \$5,000,000 or \$6,000,000.

Mr. HARDY. And you would have a record that could not be pooh-poohed as showing the utter incapacity of our merchant marine under Government operation, would you not?

Mr. ROSSBOTTOM. Either in Government operation or private operation those steamers would make money.

Mr. HARDY. They will make money if operated rightly?

Mr. ROSSBOTTOM. Yes.

Mr. HARDY. Either under one or the other?

Mr. ROSSBOTTOM. Yes.

Mr. HARDY. Did I understand you to say those ships that were profitable—the *George Washington* and two or three others, several others that you named—that you had helped to see they were properly equipped and fitted out?

Mr. ROSSBOTTOM. No. The *George Washington*—we have made some changes in her since I have been here. I have induced the Shipping Board to appropriate a sufficient amount of money to convert the open third-class steerage into closed rooms. That improvement will pay for itself in four months. I have also induced the Shipping Board to install third-class accommodations in the *Peninsular State* and the *Lone Star State*. I am only going to have those steamers for some four or five months, until they can turn over to other steamers to take their place. With open third-class steerage, I could not get one steerage passenger to sail on them; and I induced the Shipping Board to expend about \$75,000, which I told them they could charge to my operating costs, and inside of four months we will have paid back the cost of installing those rooms and have about \$50,000 to boot.

That is the result of Government operation, as stated by a man who knows the business. In his testimony he shows absolutely upon his own knowledge that they are making profits, even in spite of the fact that they have four old tubs which are 20 or 21 years of age, and for which he has been appealing to the Shipping Board to substitute good ships which are now in their possession. Why do they insist upon causing losses arising by the operation of unfit, improperly equipped ships when they have idle ships which could be put into that service? As Mr. Rossbottom says, if that were done, even without a subsidy, he would not take his hat off to anybody or to any country anywhere.

That is the plain language of Mr. Rossbottom's testimony. You can not escape it. He is as emphatic as he can be about it, and he knows what he is talking about. In spite of what appears to be an effort to make a failure out of that line by denying them the proper ships and insisting upon their operating these 20 and 21 year old tubs, and by playing politics in other ways with that line, he testifies that they are paying. Notwithstanding that every part and every branch and division of their bureau apparently is trying to make a failure of this line, they can not do it if they will only give this man a chance. He has already demonstrated and he says emphatically and positively that he can operate ships at a profit in that business without any question whatever, without any subsidy, if the ships are at all suitable for the business.

On page 377 he is asked:

Mr. ROSSBOTTOM. That is making no charge for interest or depreciation or insurance.

Mr. HARDY. Making no charge for interest, depreciation, or insurance?

Mr. ROSSBOTTOM. Or charter hire. I forgot to put that in. Of course, charter hire would take care of interest and depreciation, anyway.

Mr. HARDY. Yes. If you have interest, depreciation, and insurance, you would not put in the charter hire also?

Mr. ROSSBOTTOM. No.

Mr. HARDY. Making no charges for those items, in four months you had a net profit of some \$635,000?

Mr. ROSSBOTTOM. Net operating revenue; yes.

Mr. HARDY. And that notwithstanding you had some of those ships that were lame ducks and costing you money?

Mr. ROSSBOTTOM. That is right.



Do you say that is not a successful business? Do you say we have no right to claim that these people have been doing a profitable and successful business, in view of the testimony of Mr. Rossbottom?

On page 378 he gives this testimony:

Mr. HARDY. In this result you also counted in your depreciation, did you not?

Mr. ROSSBOTTOM. No.

Mr. HARDY. Nothing for interest, repairs, or depreciation?

Mr. ROSSBOTTOM. Well, repairs.

Mr. HARDY. Nothing except the repairs you had done?

Mr. ROSSBOTTOM. The repairs we make are included in that. The repairs the Shipping Board make, through their engineer of maintenance, those are not included, because I do not get those until about six months later on. They will be charged up to me in the regular course, but I have not received them yet.

Mr. HARDY. They are part of your regular charges?

Mr. ROSSBOTTOM. Yes.

That is with reference to the United States Lines; and it is the statement of Mr. Rossbottom, directly made in these answers to questions put to him, that justified, I contend, the averment in the minority report that these lines were being successfully operated.

With reference to the Panama Line, I quote Mr. Rossbottom again. Bear in mind that, upon orders of the War Department, Mr. Rossbottom was taken away from the Panama Line and put in charge of the United States Lines across the Atlantic. I refer to his testimony in these same hearings bearing on the Panama Line, at page 364:

Mr. BRIGGS. What experience did you have with reference to making money on those lines or losing money?

Mr. ROSSBOTTOM. We made money in the Panama Line up to about two years ago, when the depreciation in traffic and the reduction of rates resulted in a deficit, as it did with all other companies operating in that particular trade.

Mr. BRIGGS. Did you mean foreign as well as American lines?

Mr. ROSSBOTTOM. Foreign as well as American.

Mr. BRIGGS. To what extent did you make a profit on the operation? Just give us an average; I don't care for details.

Mr. ROSSBOTTOM. I think year before last—I am a little bit hazy as to the exact figures—I think the Panama Railroad Steamship Line made something like about \$1,400,000 or \$1,500,000.

Mr. GREENE. I can hardly see what is to be gained from these questions, what few of them I have heard.

Mr. BRIGGS. I simply want to ask some of these questions, Mr. Chairman, of the steamship operator's experience and his ability and what he has done along these lines—what the lines he has been connected with have earned, etc.—just general terms. I am not asking for details, but simply asking for a few of the facts in connection with his operations, his experience as a steamship operator, and whether he has conducted his lines successfully or not.

Mr. HARDY. It is a constant statement here that the Government can not make any profit out of anything.

Mr. ROSSBOTTOM. Last year I think the steamship line lost something like \$500,000. The year before the profit was \$1,500,000.

Mr. BRIGGS. How did it run prior to that time, if you recollect, prior to two years ago? Can you give the committee a general idea as to that?

Mr. ROSSBOTTOM. Yes; the Panama Railroad Steamship Line ever since it started, with the exception of probably two years, always made a profit ranging from \$89,000, which I think was the lowest, up to \$400,000, which I think was the highest, up to the time of the beginning of the war.

Mr. BRIGGS. The profits were higher during the war period?

Mr. ROSSBOTTOM. Yes, sir.

Mr. BRIGGS. About what return was that on the investment? Have you any idea?

Mr. ROSSBOTTOM. I think the average return on the investment of the Panama Railroad Co. in its ships ranged from 3 per cent up to probably 6 per cent, except during the war, when the return was higher.

Mr. BRIGGS. What was it then?

Mr. ROSSBOTTOM. It was then about 10 per cent.

Mr. BRIGGS. In figuring this per cent, do you include depreciation, interest charges, repairs, and things like that?

Mr. ROSSBOTTOM. Oh, yes; we carried every charge that every other steamship line carries.

That is the language of Mr. Rossbottom with reference, now, to the Panama Steamship Line. He was the general manager. Do you say they were not successful? For the past 20 years, every year except two—one during the recent unprecedented depression, and the other several years ago, when they had a rate war on, and they came out with a deficit—18 years out of 20 they made a profit of all the way from eight or nine thousand dollars to \$400,000 a year. Is not that a successful business? Nobody should question that, it seems to me.

With reference to the further testimony of Mr. Rossbottom on that subject, he was asked by the Senator from New York [Mr. CALDER], a member of the committee:

Mr. ROSSBOTTOM, you said a moment ago, as I recollect it, that the Panama Canal Line is operating at a profit?

Mr. ROSSBOTTOM. Yes.

Not "yes, if" or "yes, and," or "yes, but," but "yes."

Senator CALDER. Did you take into consideration the capital cost of the ships?

Mr. ROSSBOTTOM. Yes.

Senator CALDER. And the interest upon the capital cost?

Mr. ROSSBOTTOM. Yes.

Senator CALDER. In other words, you made a profit, allowing for interest charges?

Mr. ROSSBOTTOM. Interest, depreciation, insurance, and repairs.

Mr. CULLEN. That was always a good money-making line, was it not, Mr. Rossbottom?

Mr. ROSSBOTTOM. It was.

Mr. CULLEN. The Panama Line, even before the war?

Mr. ROSSBOTTOM. Yes.

In the face of that testimony are we justified in saying that they were doing a successful business? There is the man who had charge of it. Who wants to try to discredit the United States Lines and the Panama Line by saying that they have been failures, and thereby conclude that the Government is incapable of conducting a successful business or managing these ships without enormous loss and waste? These people seem to pride themselves whenever they can possibly demonstrate that they are burdening the people with insufferable losses, or making a most absolute and total failure of their efforts. I never before knew people to brag about their incompetency; and I can not understand, either, what prompts them on every occasion to try to pull down, underestimate, and undervalue this vast property which has been built up by the money of the taxpayers of this country.

If I have a horse for sale and I advertise him, and a purchaser appears, it is incumbent on me to let him look at the horse and tell him the facts about the horse, but if I say to him: "This is my horse, but he is one eyed, he is winded, he is wheezy, he can not eat anything, and he is liable to balk and stall the minute you start anywhere with him; what will you give me for him?" I am not likely to get many bids for a horse like that. These ships are only five years old, steel ships, with wonderful records of efficiency back of them—all of them, so far as I know, and I know the records of many of them—and yet these people want to say they are unfit and that about half of them are not good.

Mr. SIMMONS. Mr. President, I should like to ask the Senator a question. If the Government shall grant these people these subsidies that they say will make the business so profitable, do they propose to give full price for the Government ships or do they demand that the Government ships shall be turned over to them for a bagatelle in comparison with what they are worth?

Mr. FLETCHER. They propose, then, to let them have them practically on their own terms. If they can not get \$30 a ton they will probably take \$20, and then they will give the purchasers all the time they want with in 15 years to pay for them. They do not propose to ask anything like the real value of the ships. If they get approximately 10 per cent of the cost of each ship, I expect they will be satisfied. That is, of course, absurd—to insist that the Government shall give away the ships and then pay people to run them.

Mr. DIAL. Mr. President—

Mr. FLETCHER. I yield to the Senator from South Carolina.

Mr. DIAL. I wonder if the remedy would not be to get somebody else to sell them?

Mr. FLETCHER. Well, of course, they have not been doing very much in that direction. I am not disposed to be very critical about that. I know that the world conditions are such that we found ourselves, as every other country did, with an excessive tonnage on hand, and we could not sell them; but what is the sense of sacrificing absolutely temporarily unsalable property? You often have property that you can not sell at once, but that does not mean that it is worthless. You may have to hold it for a while. We have idle ships because commerce is not moving. The ships are intended to carry commerce. This United States Lines is doing well. It has been carrying passengers and making a profit, as Mr. Rossbottom has said. The Government line to Panama is making a profit. They carry passengers. They are mixed cargo and passenger ships. A number of cargo ships are idle because there are no cargoes; and putting \$50,000,000 into the pockets of a few shipowners will not create cargoes.

With reference to the compensation provided in this bill, I want to call attention to part of the minority report dealing with that matter. I do not believe that that has been questioned. So far as I am advised, this statement which we make in the report goes unchallenged:

For instance, a cargo ship of 5,500 gross tons, such as those vessels built at Hog Island, would receive a minimum compensation. Such a ship, along with practically 1,200 others—

The Associated Press carried that out as "12" all over the country—

with practically 1,200 others, composing our cargo carriers, would have about 200 steaming days a year, and make about 200 miles a day, and receive the one-half-cent rate, which would amount to about \$11,000 per annum.

That is the amount of compensation allowed for these cargo ships, what may be termed ordinarily as "tramps."



I want to call attention to a resolution passed December 7, 1922, by the Chamber of Commerce of the State of New York. The report of the Chamber reads:

Your committee on the harbor and shipping is strongly impressed with the conditions confronting our merchant marine and is of the opinion, substantiated by the experiences of the world's most successful maritime nations, that no nation can create and maintain a merchant marine worthy of its standing as a first-class power without an adequate fleet of tramp ships; and that the establishment and upbuilding of tramp operation and management is the only apparent employment for the vast amount of Government-owned tonnage suitable in type for tramp-ship operation. Furthermore, a merchant marine based upon liner or semiliner service exclusively will not afford the flexibility in ships necessary to meet adequately the seasonal demands for ocean transportation.

The commerce from our shores includes transportation of full shiploads of wheat, coal, oil, lumber, and other commodities of a similar nature. The commerce of our ports includes full shiploads of sugar, coffee, nitrate, etc. These commodities, because of our lack of tramp ships on the deep seas, are now largely carried by foreign vessels. These commodities, with others in part, form the backbone of a good many of our Nation's industries, and tramp ships should be operated to insure their proper and prompt movement.

Resolved, That the Chamber of Commerce of the State of New York unqualifiedly urges the creation, maintenance, and management of tramp operations as an integral part of our merchant marine, and it recommends that the United States Shipping Board take immediate steps to develop tramp shipping; and, be it—

That is the very point I am making with reference to this bill. It is full of weaknesses. It is impossible as a whole. The weakness of its compensation provision, if we adopt any system of compensation at all, is that it takes care of passenger ships, liner service, and does not take care of the tramp ships, the ships we need.

I want to call attention to the Shipping Board's report, just issued, the Sixth Annual Report of the Shipping Board, page 99. Perhaps that was one thing which called forth this expression from the Chamber of Commerce of the State of New York. Just as a preliminary statement, it would be of interest to quote this:

At the beginning of the fiscal year there were 97 managing agents operating 744 vessels. Owing to the falling off in export business and the tremendous losses involved as a consequence it was found necessary to reduce the number of vessels in operation and the active fleet was cut down during the year to 394 vessels as of June 30, 1922. This, of necessity, involved the elimination of a number of managing agents, who at the end of the fiscal year numbered 39.

In the interests of efficiency every effort was made to continue the same vessels as far as possible in the hands of the same managing agents in order that the agents, as well as the ship personnel, might become fully acquainted with the vessels and work them to their maximum earning capacity. There were times when substitutions were necessary by reason of vessels being forced out of position owing to accidents, delays, etc., but these substitutions were avoided wherever possible.

At the beginning of the fiscal year the above fleet was divided into two services, viz: The regular line service and the so-called tramp service. There were approximately 400 steamers operating in the regular line service and approximately 300 steamers in the so-called tramp service. It was evident from the beginning that these so-called tramp steamers were losing considerable money, and as no definite results could be attained in the interests of the American merchant marine by keeping these steamers in service they were promptly withdrawn and laid up, the board restricting its operation to the building up of regular trade routes considered essential to the future of the American merchant marine, as required by the merchant marine act, 1920.

Perhaps it was because of that announced policy on the part of the Shipping Board that this chamber of commerce awakened to the situation, and now make appeal to them to reverse that policy, or at least to be certain to take care of the "tramps," which they have laid up and taken out of the service. We had 300 of them in the service, they say. They are the ships which carry cargoes. They are the ships which do the world's trade. They have been from the very beginning of time the ships that carried the commodities of the world from market to market. They never were subsidized by any nation on earth, from the days when Tyre was a great Phoenician port, up to this time.

Those ships are the very ships about which the Shipping Board does not seem to care anything at all. They are the ships upon which we must depend to take care of our trade. They take them out of the service and tie them up. The "tramps" carry nearly 80 per cent of the world's trade. They are the ones about which apparently this board cares nothing, and they are the ones which would get practically no benefit under this compensation clause. Who is going to buy a ship for hundreds of thousands of dollars simply because he has a prospect of getting \$11,000 a year subsidy from the operation of that ship? That is all that is allowed the cargo carriers, about \$11,000. I read from the minority views:

It is not conceivable that this amount would induce purchasers to acquire those ships or be a very material figure in their operations.

On the other hand, for instance, the *George Washington*, 25,000 gross tons, would receive approximately \$300,000 per annum.

This ship on a recent voyage, just completed, made a profit over expenses of \$140,000.

Think of that. We are asked to pass legislation putting in the pockets of the owners of the *George Washington* \$300,000 a year, when on her last voyage, just completed, she cleared \$140,000. They do not dispute that fact. Yet here are the idle cargo carriers lying at our docks, which may get only \$11,000 a year under this compensation clause. I read further:

Is there any need for taxing the people \$300,000 a year to be paid out of the Treasury to this particular ship directly when she is, even in present circumstances, able to make a profit of \$140,000 per voyage?

I am dealing with figures which are down to date, not something which happened in 1919, 1920, or 1921, but in the present. I have been trying to get these people to bring the actual losses from operation down to date, not make guesses as to what is going to happen after September or October. These are actual figures. I read further:

Her sister ship—*America*—made a net profit of \$45,000 on her last voyage, and she would receive out of the Treasury annually a gift of \$300,000 under this bill.

These ships are 18½ knots, and it is estimated that they would sail 400 miles a day and have 220 sailing days, and they would receive 1.3 cents per gross ton for each 100 miles.

Does anybody question that? I have not heard anybody question it.

If these passenger ships carried mail they would receive the mail subsidy in addition to the compensation mentioned.

The Standard Oil Co. has approximately 100 ships, aggregating 700,000 gross tons. Even at the minimum rate they would receive, as the bill was introduced and reported—

That is what has been indorsed all over the country, and that is what the committee reported—

a subsidy in the shape of direct compensation, it is called, of about \$1,500,000 a year, notwithstanding they are engaged primarily in carrying products of their own. The bill was amended so as to eliminate this particular contribution to them as respects their own goods.

That is all. They get benefits besides that, but they are not allowed to enjoy this compensation, so much a ton per 100 miles, on their own goods. They were built to carry their goods. I read further:

The United States Steel Corporation has 35 ships, aggregating 200,000 gross tons. They are engaged in carrying their own products primarily, but they would receive out of the Treasury, as the bill was reported, and from this direct compensation, approximately \$500,000 a year. This, too, was eliminated by amendments, as applied to their own products.

The United Fruit Co. has 22 ships, 100,000 gross tons. On this compensation basis they would receive, as the bill was reported, about \$250,000 a year, although they were built and are operated primarily for the transportation of their own commodities. The amendment applied to these vessels respecting their own commodities.

The *William Penn*, 7,600 gross tons, our only ship equipped with the Diesel engine, recently made a voyage to the Orient, and her net profits were \$30,000—her speed 10 knots.

The operating expenses of these ships equipped with the Diesel engine is about two-thirds of the oil or coal burners. The oil burner is generally cheaper than the coal.

Under this bill the *Minnekahda*, 17,281 gross tons, 16½ knots, would have a rate of compensation 1 cent, and her subsidy would amount to \$150,000 a year. She is owned by the Atlantic Transport Line, affiliated with the International Mercantile Marine. We never understood they were in need of a subsidy or of any direct aid by way of compensation.

The Pacific Mail has 12 ships. They are rather slow and small, and they aggregate 60,000 gross tons, and the amount of compensation or direct subsidy for the entire fleet would be about \$150,000 under this bill.

It will be seen that one ship of 17,281 gross tons would receive as much compensation as an entire fleet of 12 ships of the aggregate gross tonnage of 60,000 would receive.

The *Leviathan* will be entitled to receive of this direct compensation \$1,250,000 per annum, which may be doubled.

That is the latitude they would have. Starting out with a contract on the *Leviathan* for \$2,250,000, make that contract for 10 years and before it expires make it for 5 years more, and you have \$2,250,000; for 10 years, \$22,500,000, given to the *Leviathan*, and possibly half as much in addition within the 15 years.

The liners—the passenger ships—are most liberally provided for, but even under the theory of the bill there is a neglect of the cargo carriers—the trading ships—the ships which move the world's commerce and have done it from time immemorial and are continuing to do it to-day, as this resolution which has just come to my hands to-day from the Chamber of Commerce of New York recites. Yet the Shipping Board is deliberately tying up every one of those ships, taking them out of the trade, and confining themselves to liner operations.

I think I have clearly demonstrated that what we have said in the minority report with reference to the successful business of the Panama Railroad Steamship Line and the United States Lines is fully borne out by the testimony before our committees; that what we have said about subsidies in that report is likewise borne out, as is what we have said with regard to the losses from operations not being clearly stated. However, I want to make one other reference in connection with the operation of the Panama Steamship Line, and that is found on page 2452 of the hearings. A statement



there appears showing the result of the operation of the Panama Steamship Line from 1911 to 1920, inclusive, and I ask to have that statement included in the RECORD without reading.

The PRESIDING OFFICER (Mr. BALL in the chair). Without objection, it is so ordered.

The statement is as follows:

*Statement showing result of operations of the Panama Railroad Steamship Line from 1911 to 1920, inclusive.*

Year.	Net revenue.		Net income.	
	Profit.	Deficit.	Profit.	Deficit.
1910.....	\$166,272.73	.....	\$166,272.73	.....
1911.....	76,416.09	.....	76,416.09	.....
1912.....	.....	\$305,742.85	.....	\$305,742.85
1913.....	221,489.92	.....	125,921.59	.....
1914.....	314,296.36	.....	218,646.67	.....
1915.....	499,833.42	.....	586,096.53	.....
1916.....	1,004,373.05	.....	1,055,584.90	.....
1917.....	1,162,830.46	.....	1,161,734.00	.....
1918.....	1,359,208.00	.....	1,262,764.49	.....
1919.....	3,125,812.24	.....	2,444,004.61	.....
1920.....	.....	117,676.56	.....	278,521.70

Mr. FLETCHER. There are some statements in the hearings, made a part of the hearings, with reference to that subject, but they would be merely cumulative. I have already put in the RECORD the positive statement of Mr. Rossbottom, and I do not need to burden the RECORD by referring to other hearings at different times where the subject was considered and which simply bear out and confirm what he said before the committee which was considering this particular bill.

Yes, Mr. President, we need a merchant marine, but that is not the same thing as saying we need to give a subsidy of at least \$30,000,000 a year for 15 years to induce a few people to own and operate it. Emphatically, we need a merchant marine. With equal emphasis I say a subsidy bill will not give it to us. It never has given it to us or to any other country. One way we may judge of the future is by the past. One lesson we ought to remember is the one we learned by experience. Another way of getting knowledge is by the study of the experience of others. These lessons are the same. Subsidies never established a permanent, substantial merchant marine for any country. There are many factors essential to establishing a merchant marine—banking facilities in foreign countries, competent commercial agencies, energetic representatives, proper organizations, representatives at all important ports with power to adjust differences, settle claims, speed operations, handle papers, place insurance, conduct financial arrangements, men who know the business. Much deeper than subsidy we must go to develop competitive strength in our shipping. A temporary stimulant will not accomplish the object.

But there are people who say we must do something. The Senator from Washington [Mr. JONES] said, "If you do not like this, propose something else." My contention is that we did propose something else in the merchant marine act of 1920, and that all that is needed is to live up to and enforce the provisions of that act. When departure in policy is proposed it is not incumbent upon those who propose it to demand of those who believe it unwise and vicious and unsound that they shall compromise with it by offering amendments. The only answer is its opposition and defeat.

But there are others who say, "You ought to do something. We are in a bad situation." All right; we are doing something. We have the act of 1920, as I have said. We have the ships. About one-third of them are being operated. Some of those are making a profit. They are earning considerably more than their expenses. Their earnings exceed every legitimate charge against them. They are not interfering with privately owned ships. Let us continue them in that service.

Others are losing money. Unless they are employed on new routes which give promise of a growing trade which will soon show a profit of transportation, they should be tied up. If they can be chartered on a bare boat basis, let us do that. It is an inexcusable waste to employ 100 vessels to do the work of 10. The vessels tied up are available to meet the demand when it comes. As sure as time elapses there will be an increase in foreign trade. We are now at a low ebb, if not the lowest ebb, and there is an excess of tonnage. There were two successful Government organizations, as we have shown—the Panama Steamship Co. and the United States Lines. The ships that are causing losses so loudly proclaimed should be turned

over to them. Stop the losses in that way. If that is not feasible, let the Government directly operate those ships just as it is doing the United States Lines, which is not suffering losses. It is a question of proper administration and efficient management.

As to idle ships, it is a question of cargoes, and they will not be forthcoming by paying money out of the Treasury to a few owners or operators. It is folly to tax the people to pay a few owners to sail empty ships flying our flag. When trade revives, overseas business improves, and commerce increases there will be a demand for those ships, and we can then dispose of them to advantage. I venture the prediction that within three years the ships we now offer at \$30 per ton will be worth \$70 per ton.

This will come about by natural and economic causes, not by any subsidy. Unless that happens before November, 1924, the party in power need not go to the trouble of putting up a ticket in the next national election. If they add this subsidy to the tax already bearing down the taxpayers, they may make the false claim that such a step hastened and increased the revival of commerce and of business prosperity, in which case the taxpayers may well say, "We are paying for that increase in good money, and we see nothing gained by taking money out of one pocket and putting it in the other." There will be an increase in trade, but it will not be due to any subsidy, no matter what it may be made.

I have said there is no need of keeping up the losses which it is claimed we are suffering. Nothing but stupidity, or determination to see failure, or reckless disregard by interests or bad management or some unnecessary condition could produce any such losses as are asserted.

We could tie up every vessel we own, care for them, keep up their classification, and insure them for not to exceed \$12,000,000 a year. That would then be the outside maximum loss if every ship the Government so owned was put out of commission and tied up. We could apportion them to the 22 or more deep-water ports of the country, keep them in fresh water, and have them properly cared for, ready for charter or sale or use on short notice, at a total cost not exceeding \$12,000,000 a year. As cargoes offered, as merchants, shippers, or others develop the business the vessels would be available for profitable employment. We showed a condition like that on yesterday when we discussed the use of our ships at the time of the great emergency in bringing coal to our people from England.

All the while we would have the satisfaction of knowing that we were not dependent upon any foreign country to move our products, commodities, or goods to foreign markets, or to bring to us the things we need. Nor would we be wanting in merchant ships should they be needed to serve with our Navy. When opportunity arose, as demand developed, when conditions warranted, the vessels would come out, enter upon employment, serve our commerce, and make profits which would go into the Treasury to be credited on the expense of the care and upkeep of the fleet. There are numerous ways to stop the loss so loudly proclaimed if those in charge of affairs would only see something besides the MO 4 contracts.

Mr. President, I have heretofore made some reference to those contracts; they are mentioned in the views of the minority on the pending bill; but there is a feature of them which I have not before mentioned and as to which I beg to use the name of a distinguished Member of the other House, a member of the Merchant Marine and Fisheries Committee, who attended very diligently to the hearings, Judge DAVIS. In his able speech on this bill he mentions a matter which had escaped me until I read it again to-day and which adds to the enormous cost of the MO 4 contracts. I beg leave to quote from his speech at page 147 of the CONGRESSIONAL RECORD of November 4. Referring to Chairman Lasker not having changed the MO 4 contracts, he says:

He has not only made such change but he called the managing agents of Shipping Board vessels together in Washington, June 21, 1922, and voluntarily adopted and announced a policy of paying such managing agents additional compensation in the shape of husbanding fees, under which since that time operators handling 5 vessels or less receive \$400 per month per ship in addition to the regular commission previously paid, and operators handling up to 10 vessels receive \$400 per month per ship for the first 5 ships and \$250 per month for each additional ship. It was announced by the Shipping Board at the time that this allowance of husbanding fees would add \$1,200,000 annually to the cost of operations, but it was estimated that more than this amount would be saved by new arrangements for subsistence—the allowance for subsistence being reduced from 80 cents to 65 cents per day per man at that time—stevedoring, and general supplies.

Why should not the taxpayers have been given the benefit of such savings? Why were these additional voluntary bounties given to the



managing agents, and by what authority? Was it done for the purpose of preventing a showing of profits, to the end that they might make out a stronger case for this ship subsidy bill?

There we have a continuance of the iniquitous MO 4 contracts by which the Shipping Board stands all the losses, the operating agents get 5 per cent commission on the business, and they are given here this additional amount, which is called "husbanding fees," besides. That is a monstrous thing. While I have Judge DAVIS's speech before me in connection with the testimony of Mr. Rossbottom, I wish to quote from his speech also, at page 137, November 24, as follows:

The Shipping Board is operating but 13 ships directly, or at least that was the number operating at the time of the hearings. They are operated in the name of the United States Lines, of which Thomas H. Rossbottom is manager on a salary of \$10,000 per annum. He is managing it for the Shipping Board, and although he has been operating these vessels in the North Atlantic trade, which is recognized as embracing the sharpest and the most pronounced competition of any section of shipping in the world, and although in part he was operating some "old German tubs," as he termed them, 21 years old, which he said no man could operate at a profit anywhere, yet with a few good vessels he has been operating the fleet at a substantial profit, and that, too, under the worst depression in the history of shipping and in competition with the strongest maritime nations on earth.

Mr. EDMONDS. Will the gentleman yield?

Mr. DAVIS of Tennessee. Oh, I know the gentleman from Pennsylvania is going to say that that did not include interest on the investment.

Mr. EDMONDS. And depreciation and advertising.

Mr. DAVIS of Tennessee. It included advertising. Mr. Rossbottom said that it did include advertising, but the profits he reported did not deduct anything for interest and depreciation. But the profit was sufficient to count and overcome interest and depreciation and still leave a profit, and he said if they would give him all the fleet like some of the ships he had he would not take off his hat to any nation on earth under any conditions. [Applause.]

You will find these facts fully stated in the hearings, and in this connection I want to say that if every Member of the House would read the hearings from beginning to end I know that this bill would not have any more chance of passage through this House than the proverbial snowball.

I have already referred to these alleged losses, and without going into that any further I desire to say that it seems to me we must appreciate that in any case these losses, whatever they may be, need not continue. They furnish no argument of justification for any subsidy whether they are maintained or lessened or not.

With reference to some other provisions of the bill, for instance, that with regard to the Army and Navy transports, I desire to say that one would suppose the Shipping Board had enough ships on their hands; one would suppose they would shy at taking over any more. They groan over the burden of tonnage which they wish to get rid of; they fairly boast of the terrific losses incurred in operating the ships; apparently the greater the loss the greater the glee; and yet they ask in this bill that with respect to the Army and Navy transports which have been rendering splendid service, economically and efficiently, the President be authorized to transfer to the board or to place out of commission any of the vessels now or hereafter engaged in either of such services.

I wonder if this board will not next ask us to have the Panama Steamship Line turned over to them. The audacity and assurance of an organization which shrieks its inability to operate ships without tremendous loss and enormous drains on the Treasury, and proves it to the satisfaction of the public, wanting to take over ships from the Army and Navy, both of which deny that they are incapable or incompetent, and certainly do not confess and establish and publish that they are, makes one gasp and wonder what next.

The joint committee sought to prove, and their information was it could be clearly shown, that the discontinuance of the Army and Navy transport service and the making of contracts with private parties, which such a discontinuance would bring about, would cost the taxpayers \$5,000,000 a year. The majority of the committee refused to summon the witnesses by whom it is believed these facts could be fully established. Title V, section 501, of the bill will work that benefit to private shipping concerns at a cost to the Treasury approaching \$5,000,000 per annum.

#### CONSTRUCTIVE PROGRAM.

There are those who say: "Propose something to help us get rid of or utilize these idle ships; suggest some constructive program." Very well; I have done that in what I have said. Abolish this organization that proclaims its failure and turn the ships over to real Government operators who have demonstrated their ability to make a success of what they undertake in the use and management of merchant ships. Otherwise reduce the enormous and unnecessary overhead; discontinue the MO 4 contracts, and operate directly the profit-

producing ships and tie the others up for the present. Otherwise distribute them to the different ports, care for them, and encourage the ports to take advantage of them, and get them in service as soon as possible. Either of these processes will put a stop to the harrowing losses which are stressed as a basis for subsidy raids.

Let us consider what has been taking place while subsidists have been engaged industriously in circulating and publishing propaganda to support their designs on the Treasury. They have deterred investment in shipping securities for years past by proclaiming that Americans can not compete with foreigners in the operation of ships; they have discouraged people from buying our ships now by saying that many of them are poorly constructed and will have to be readjusted and reequipped and refurnished; they have for years discouraged and restrained financial interests from assisting in any way in the development of the shipping industry and the shipping business in this country, waiting, and laying the foundation for their appeal for governmental aid and subsidies.

Without any subsidy whatever—and this is what we have seen—the privately owned American mercantile marine has been making progress unequaled by any maritime power in the world. Apparently no one knows that. According to the arguments and the advertising statements of the subsidists, America is in a pitiable plight respecting her shipping interests. Let us look at the statistics on that subject for a moment. Referring, for instance, to the sixth annual report of the Shipping Board, we find under the head "Total United States merchant marine and tonnage employed in foreign trade," at page 111, that in the year 1800 our total merchant marine was 1,458,738 dead-weight tons, of which in the foreign trade 1,000,661 tons were employed. Of course, those were years when American ships were carrying a very large proportion of our trade. In those times American ships were about 30 or 40 tons, and they sailed around the Horn—brave, energetic fellows—and pushed our trade into China, where the most we had to offer was ginseng and rum, and brought back from China tea, silk, and like commodities. In other words, our trade in those days was comparatively small and the American ships carried a relatively large proportion of it.

I wish to put the whole table in the RECORD, not the illustrations, but merely the figures as to the total merchant marine and tonnage in foreign trade and the years as the figures are given on page 111 of the report.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Total United States merchant marine and tonnage employed in foreign trade.

Fiscal year.	Total dead-weight tonnage, merchant marine.	Dead-weight tonnage in foreign trade.
1800.....	1,458,738	1,000,661
1810.....	2,137,175	1,471,529
1820.....	1,920,251	874,483
1830.....	1,787,664	808,345
1840.....	3,271,146	1,144,257
1850.....	5,303,181	2,159,541
1860.....	8,030,802	3,569,094
1870.....	7,369,761	2,173,259
1880.....	6,102,051	1,971,603
1890.....	6,636,746	1,392,093
1900.....	7,747,258	1,225,193
1910.....	11,262,123	1,173,776
1917.....	13,306,556	3,061,164
1920.....	25,027,342	15,692,631
1921.....	27,538,464	16,819,943
1922.....	27,784,989	16,279,371

Mr. FLETCHER. In 1922 our total merchant marine was 27,784,989 dead-weight tons, and in the foreign trade 16,279,371 dead-weight tons were engaged. That means, I take it, that we have that amount of tonnage registered and documented for the foreign trade; it does not mean that that tonnage is actually engaged in the foreign trade, and, to that extent, the statement may be a little misleading.

Then, on page 117 of this report we have a statement showing United States shipping in foreign trade. The black lines indicate the percentage by value carried in American bottoms and the white lines the percentage by value carried in foreign bottoms. Without the illustrations, I should be glad to insert this table in the RECORD, giving the years, the value in millions of exports and imports, and the percentages marked "Foreign" and marked "American."



There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

*United States shipping in foreign trade.*

Year.	Value in millions, exports and imports.	Percentage by value carried in American bottoms.	Percentage by value carried in foreign bottoms.
		<i>Per cent.</i>	<i>Per cent.</i>
1789.....		24	76
1800.....	\$159	89	11
1810.....	151	92	8
1816.....	231	70	30
1820.....	142	90	10
1830.....	144	90	10
1840.....	239	83	17
1850.....	330	72	28
1860.....	762	66	34
1870.....	991	35	65
1880.....	1,433	17	83
1890.....	1,573	13	87
1900.....	2,089	9.3	90.7
1910.....	2,983	9	91
1914.....	3,785	9.7	90.3
1919.....	8,960	27.8	72.2
1920.....	11,875	42.7	57.3
1921.....	8,910	39.8	60.2
1922.....	5,523	34.6	65.4

Mr. FLETCHER. Mr. President, on the subject of the growth and development of the American merchant marine I wish to put in first the statement by Mr. Lasker, as chairman, dated December 2, 1922, in answer to certain questions which I propounded to him at that time. Among other facts it shows that they are operating now 410 vessels, with a total dead-weight tonnage of 3,348,619. That is the dead-weight tonnage of the Shipping Board now being operated. Therefore, assuming that all that is engaged in foreign commerce—it is not, but just for the moment let us suppose that it is—we may be able to reach a more or less definite conclusion as to how much privately owned American tonnage is engaged in foreign trade.

Referring to the report of the Department of Commerce, Bureau of Navigation, November 1, 1922, giving American documented seagoing merchant vessels of 500 gross tons or over, we find, at page 40, a table headed, "Comparison of trade of vessels in the preceding list on specified days." It gives the total number of American seagoing vessels in foreign trade as 2,219; tonnage, 9,717,356. Total number in the coasting trade, 1,391; gross tonnage, 2,542,923. The total number of American vessels, therefore, registered and documented, is 3,610, with a gross tonnage of 13,200,279. If we should deduct the 3,348,619 dead-weight tons operated by the Shipping Board, we would have in foreign trade American vessels of 9,717,356 tons less 3,348,619, being 6,368,737 tons of American shipping engaged in foreign trade. That, however, is somewhat misleading, I am afraid, and it is very difficult, if not impossible, to know exactly what tonnage we have under our flag in foreign trade; but all of those vessels so registered and documented are not engaged in foreign trade. Some of them are engaged in coast-wise trade, although they are qualified to engage in the foreign trade.

I offer this complete table, furnished me by the Shipping Board and carrying the information that it purports to carry in response to the questions propounded, showing the situation to-day concerning the Government-owned vessels. I ask that it be printed in the RECORD at the close of my remarks, marked with the initials of the Shipping Board, "S. B.," together with the letter of transmittal.

The PRESIDING OFFICER. In the absence of objection, the table and letter will be printed at the close of the Senator's remarks.

Mr. FLETCHER. Then I offer, to be printed in the RECORD, a copy from the Bulletin of the Department of Commerce, Bureau of Navigation, November 1, 1922, showing the list of American-documented, seagoing merchant vessels of 1,000 gross tons and over. Without troubling to read it, I ask that that be inserted in the RECORD, following the other statement, marked "A"; also "B," attached; also "C," attached; also "D," attached.

There being no objection, the matter referred to was ordered to be printed in the RECORD.

Mr. FLETCHER. Then a further statement showing world tonnage at different dates—world tankers, world oil burners—and a comparison of ownership of documented vessels on specified dates; and attached to that is a copy of the statistics furnished in this Commerce Report, which I ask also to be attached as a part of my remarks at the close.

The PRESIDING OFFICER. In the absence of objection, they will be incorporated as requested.

Mr. FLETCHER. Mr. President, I submit that these data contradict any sort of inference that the United States is in a bad way regarding the American merchant marine; and all this has been built up without any subsidy, if we may for the moment disregard the mail-contract subvention which we have heretofore referred to. There has been no subsidy policy adopted by the Government. These statistics will show what our shipping was in 1914 and what it is to-day. They will show the development in a really marvelous way of American shipping interests. The American mercantile marine privately owned in overseas trade, I submit, has been "doing fairly well, thank you," and winning its own way standing on its own sea legs, and, I am persuaded, needs to ask no favors. All it wants is for Congress to cease hindering and hampering it by such provisions as the amendment to the tariff bill whereby it is proposed to tax American ships 50 per cent on repairs they may make in foreign yards, thereby increasing their insurance and adding to their operating cost.

Most of the American lines, coastwise and foreign, have increased their fleets out of the profits they have made. I know that is denied in some quarters. It has been claimed that many of these private lines are losing money, and have been losing money for some time past. An illustration was made of a certain line that was claimed to have charged off to profit and loss \$1,500,000 last year, or something like that. The truth about it is that that line did not lose that money in operating ships at all but in respect to some oil speculations and pipe lines in France.

The facts in connection with how these American privately owned lines are succeeding appear pretty well in these hearings. Eight men owning ships testified before the committee. Not one of them claimed that they were losing money. No one asserted any such thing as that. I have here, in response to that statement which has been made and published in the RECORD, a letter from Mr. Philip Manson, dated December 13, which has just reached me, in which he refers to some of these statements, and particularly a statement made by Mr. Craemer, who is the special assistant to the vice president in charge of finance, I believe. He analyzes Mr. Craemer's statement, and I think I will take the liberty of quoting from what Mr. Manson writes, because he has been a student of this subject for years; he has had experience in shipping and keeps thoroughly well posted about what is going on. He writes:

Craemer says that "the profits earned by American shipowners during the war were restricted by governmental action, so that the return on his investment was very materially less than that earned by his foreign competitors." Governmental restrictions on the earnings of American shipping took place only after we entered the war. For nearly four years American ships were totally unrestricted as to earnings, and the highest rates were charged by American ships. Great Britain's shipping, the only competitor we need consider, was restricted all through the war and was commanded by the British Government upon terms very much less favorable to the owners than was the case with American shipping when our Government, functioning through the dollar-a-year advisors, consisting of the principal steamship owners themselves, fixed the compensation for their own ships. One could write volumes on this, and it is particularly aggravating to have a Shipping Board official now falsify the facts in aid of the infamous subsidy bill. He says further that "during the period of the highest freights all American ocean-going tonnage was under requisition to the Government and the owners' return limited thereunder to the comparatively moderate charter rates established by the Shipping Board." This statement is misleading in two respects: The highest rates prevailed during the period prior to our entry into the war, and the charter rates established by the Shipping Board, as I have already stated, were far from being moderate.

Craemer says that "Government taxation reduced the earnings of the American owner to a point far below that of his foreign competitors." Our taxation never approached in severity that of Great Britain.

In his attempt to show the meagerness of the earnings of American steamship companies Craemer shows that during the last six years, including the bad year of 1921, the Atlantic, Gulf & West Indies Steamship Co. averaged only 8.52 per cent on its "invested capital," in which he includes over \$28,000,000 stock, all water. The actual invested capital of that company would fall far short of its bond issue, which totals only \$24,000,000 in round figures.

Craemer also repeats the buncombe regarding the change in the par value of the Pacific Mail Steamship Co. stock from its former utterly fictitious figure of \$100 a share to \$5 a share, and says that this was done to wipe out a deficit. This is utterly false. The cash distributed by that company to its stockholders from the proceeds of the sale of its fleet of ships to the I. M. M. Co. was far more than the real worth of that stock, reckoned on a basis of invested capital, and the changing of the par value of that stock afterwards was purely a bookkeeping transaction. In fact, the stock sold for more than \$40 a share for a long time after the change to \$5 par. This company also averaged a "beggary" return of only 18.50 per cent during the last five years, including the bad year of 1921, when most companies showed losses, this being true for 1921 of practically all commercial companies as well as steamship companies.

Then Craemer says, referring to the earnings of the I. M. M. Co., that its earnings during the last four years averaged 8.01 per cent on its "invested capital," and the value of his statements is indicated by the fact that he includes in the "invested capital" of the I. M. Co. a total of about \$100,000,000 common and preferred stock, all of which is sheer water.



Then, after showing average earnings of 16.38 per cent for the United Fruit Co. during the last seven years, he undertakes to belittle that by saying that it is mostly from other than shipping operations. The fact, however, is that its shipping business, no matter what proportion it bears to the whole, is its most profitable business.

He winds up his bunk statement, to use one of Lasker's characteristic expressions, by saying that other industries earned larger profits during the war, as if that made any difference, even if it were true. He also attempts to make capital of the fact that the common stock of the I. M. M. Co.—all the most worthless water, having value only for its voting rights—has never paid a dividend, and the dividends of the preferred stock of this company being 42 per cent arrears, although that stock is also all water. He makes similar argument in regard to the common and preferred stock of the A. G. W. I. Lines, which, he says, have had dividends for only a few years, the fact, however, being that these stocks are also water and represent no actual money investment. Of the Luckenbach Line he says: "The Luckenbach Steamship Co. has never declared a dividend." This must be a trick play on the word "declared," because everyone knows that the Luckenbachs have made millions during and after the war, and are constantly adding new ships to their extensive fleet even now, notwithstanding that subsidists say that it is impossible to operate ships under the American flag. The recent hearings before the joint committee contain evidence as to the very large earnings of the Luckenbach Steamship Co. The statement regarding the Luckenbach Line in Craemer's letter is, however, characteristic of the dishonest character of nearly everything else stated in that letter.

He (Craemer) also refers to the fact that the Pacific Mail Steamship Co. has paid dividends during only 9 of 49 years of its existence—that is, the last 49 years. As you know, I have several times exposed, before committees of Congress and in the public press, the manner in which the stockholders were swindled out of their dividends for many years by the Pacific Mail Steamship Co. when it was controlled by the Southern Pacific Railroad Co., so I will not take the time or space to repeat it again here.

That bears on the question of disabusing the mind of the public regarding these losses, or claimed losses, that private shipping has been enduring. As a matter of fact, the shipping business has been a very profitable business in this country, and many of these lines have made enormous amounts of money. They did before the war. However, I am putting in this material to show that American shipping has developed and prospered wonderfully in the past years, since 1914 particularly, and that without any subsidy whatever. Just now some of them feel the depression. In some instances they must pass dividends, but that is the case all over the world. "Normalcy" approaches with divers' weights, but conditions ere long will become either very much better or very much worse. In either case subsidy will not be effective.

It has been charged by ardent advocates, propagandists, and subsidy-soliciting beneficiaries that opponents of this measure are actuated by partisan political motives or prejudices. This is really unworthy of notice. The chairman of the committee has stated that the bill raises questions about which honest men differ, and which are clearly controversial in their nature. I have advocated for 10 years the importance, and, as I saw it, the necessity, of building up and establishing an adequate American merchant marine. It is simply a question of the ways and means of accomplishing that end. We all agree on what is desired. How to do it is the question.

I have always opposed subsidy as a policy. I do not believe in the principle. I am convinced, and have always been of that thought, that subsidy will retard, not establish, a mercantile marine. I have studied the history of subsidies, and in my judgment the countries which have done most in that direction have accomplished least. Farmers' organizations throughout the country are against subsidy, and have declared against this measure. That confirms and enforces the views I hold. The American Federation of Labor is strongly against the bill. That, again, does not change my view of the matter; it accords with the conception which I have formed.

Neither is it because the Democratic Party in its platforms has repeatedly declared against subsidy as a policy of the Government that I hold to the view expressed in a speech here last July, and to the minority views set forth regarding this very bill. Numerous disinterested newspapers earnestly oppose this measure and protest against it. All these forces simply tend to confirm my conviction that the policy is wrong.

In that connection I noticed recently in the Washington Times of December 11, 1922, what appears to be a sort of change of heart or mind. Heretofore this publication has been urging the passage of this subsidy bill. In this editorial they say:

The Government of the United States should establish the first navy of democracy and go into public ownership of seagoing vessels on the most gigantic scale.

How are you going into public ownership of vessels when the purpose here is to have all vessels pass to private hands? I read further from this editorial:

This Nation should do its own carrying, and the carriers—great ships of high power and high speed—should each of them have on shore a sufficient number of cannon and movable steel decks to be used in case of attack.

The Government should have on lakes and rivers boats of the highest speed, earning a living. They could carry passengers, carry the mail. They should be equipped with torpedo tubes.

That does not sound like what they have been heretofore advocating, it seems to me; at least, that is what I claim. We are not losing anything when the United States Government has and owns these ships, and until the time comes when they can be reasonably and properly turned over to private hands we are in position to be independent as to our shipping, protect ourselves in time of trouble, and take care of our commerce in time of peace.

I believe the principle asserted by the bill is unsound and unwise, and that the legislation will result in harm to our shipping industry. It itself defeats the purpose of its advocates, and it will hold back rather than help the progress and proper development of our merchant marine. It will cause the concentration of ships in a few hands, where they will be used to enrich their owners rather than serve American commerce.

It will cause the focusing of routes of trade in a few selected ports against the interests of interior shippers and to the destruction of other important ports along our stretch of ocean and gulf coasts. It offers a premium on inefficiency. It vests the power of life and death over ports and terminals, over routes and shipowners and shipbuilders, in a board which might exercise that power in a way that would be destructive of the general good and the public interest. It contains provisions particularly vicious and indefensible, in that it permanently appropriates (page 25 of the bill, subdivision (d)) all moneys in the merchant marine fund for the purpose of making payments for compensation contracted for within the limits of \$30,000,000 a year, and the refunds of overpayments as mentioned in the bill.

In this merchant marine fund will be all the tonnage duties, tonnage taxes, or light money, amounting to approximately \$4,000,000 a year; also 10 per cent of the amount of all customs duties paid under law, which will doubtless approximate \$45,000,000 a year; also 50 per cent of the earnings in excess of 10 per cent net, the amount of which is questionable. These funds are by this bill permanently appropriated for 10 years with authority in the Shipping Board to continue it for five years more, to be expended on the orders of the Shipping Board, with no power or right or authority reserved to Congress over such funds during that period. Thus \$450,000,000 are, in effect, appropriated and placed at the disposal of the Shipping Board, to be disposed of as it sees fit in the making of contracts for subsidy with the various applicants.

Another provision allows the board to double the subsidy contracted for, and in case the subsidy is increased outside the contract, or without a contract, Congress will have the poor privilege of making appropriations to cover such increases.

The House provision, at page 23 of the bill, line 18, provides:

No expenditures shall be made from the "merchant marine fund" except out of the appropriations made annually therefrom by Congress for carrying out the purposes of this act.

That the committee proposes to strike out. A very substantial and vital change is reported by the committee in that respect. It destroys all control by Congress over the disposition of that merchant marine fund. Striking that amendment out makes it necessary to insert, on page 25, line 16, the word "permanently," and to strike out the words "authorized to." Then inserting the proviso in section 410 "that no expenditures shall be made from the merchant marine fund because of any increased compensation granted under the terms of paragraph (c) of section 410, except out of the appropriations made annually therefrom by Congress," is really a species of camouflage. There is nothing substantial in that amendment. All the Shipping Board has to do to make it utterly a nullity and valueless is to put in their contracts provisions for such increases as they think they may be possibly prompted to make hereafter. This simply provides for such increases as are made outside of the contract or where there is no contract; but where there is a contract which in itself provides for increases that provision does not apply, and all the Shipping Board has to do is to put into each contract a specification as to the amount of compensation and then provide for such increases as the board may think in the future it may make. So there is nothing of any value in that amendment. No substantial change of any material moment is made by the adoption of it.

Mr. JONES of Washington. Will the Senator permit an observation there?

Mr. FLETCHER. Certainly.



Mr. JONES of Washington. I just want to say to the Senator that I do not agree with his construction of that provision, but if his construction is correct, or if there is any doubt about it, I am in favor of making it perfectly plain, because it was not my intention, at least, that that provision should be gotten around by a mere provision in a contract. If there is any doubt about that I am in favor of making it perfectly clear.

Mr. FLETCHER. I am glad to hear the chairman say that. I am quite sure that if he studies it very carefully he will reach the same conclusion I have reached about it, and I hope he may be able to modify the amendment so as to reach the view he has of it, but as it is framed at present it seems to me utterly worthless.

The appropriation is permanently made for 15 years to take care of such increases as they may decide to make and as they could make if they make mention of them in the contracts. Other benefits of the bill I will not take the time now to review. I call to mind, first, the mail monopoly, \$5,000,000 benefit to American ships. Second, the loan fund at 4½ per cent. Third, insurance; a good deal of help is provided under that provision. Fourth, reduction of taxes by reason of depreciation, wear and tear, and obsolescence. It is unusual to make an allowance for obsolescence, which may be deducted. Then the most extraordinary provision under the head of depreciation is that allowance may be deducted for decline in value of the ships. In other words, AB bought ships in 1914, we will say, and paid \$200 a ton for them.

To-day the market value of those ships is \$30 a ton; and it will not be over that, because we are fixing the market price of ships when we are offering our tonnage at \$30 a ton. Now, AB comes in and says, "My income this year was \$100,000, but the depreciation in the value of my ships from \$200 a ton down to \$30 a ton wipes out that \$100,000." That is the meaning of that provision.

Fifth, direct compensation. Thirty million dollars a year is appropriated out of that fund, and it may amount to \$45,000,000 from duties and \$4,000,000 from tonnage dues, making \$49,000,000. Besides that there may possibly be some further excess profits above 10 per cent. I do not figure much on that, because they can well manipulate that by increasing salaries and otherwise.

Sixth, immigration. That is a very helpful provision in the bill if we can carry it out, and I can see no reason why we could not. Mr. Rossbottom in his testimony regards that as the one essential thing. That is the only help he has ever suggested to American shipping—to provide a way whereby American ships should bring immigrants to this country.

Seventh, Officers and supplies of the Government must all be carried in American ships. That is another provision of a helpful nature—the Army and Navy transport provision providing that hereafter those transports must be taken out of that service and turned over to the Shipping Board or tied up and all supplies, officers, men, and so forth, must be carried hereafter in private ships under private contracts. There would be \$5,000,000 or \$6,000,000 a year more.

Ninth, Through routes by rail or water from shipping point to destination and the foreign bills of lading provision are of value to American shipping.

I have no objection to things of that kind; that we ought to provide for and I think we have done so in the merchant marine act of 1920. Then we ought to stop, as I said, hindering and hampering and interfering with our merchant ships by imposing such duties as 50 per cent of the cost of repairs in foreign ports on American vessels, and other things of that sort.

Mr. President, I may have a few observations to make a little later on with reference to some phases of the question which have escaped me in the discussion up to this time, but at present I feel that I ought not longer to tax the patience of the Senate, and therefore I yield the floor.

#### APPENDIX.

UNITED STATES SHIPPING BOARD,  
Washington, December 2, 1922.

Hon. DUNCAN U. FLETCHER,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: I regret that I have not been able earlier to furnish you with the information requested in your letter of November 25. I was anxious for you to have just as complete information on the questions raised as possible, and the necessity for compiling this information, together with the demands on the departments concerned to furnish information to Members of the House who were actively directing the shipping bill during the last several days, has occasioned the delay. I hope it has not inconvenienced you.

The answers are given on the attached sheet.

With kindest regards, I am,

Sincerely yours,

A. D. LASKER, Chairman.

1. How many ships of the various kinds have been built by the Shipping Board, together with the tonnage of each kind?

Total construction program (including all types).

	Number vessels.	Dead-weight tonnage.
Steel.....	1,693	11,614,961
Wood.....	589	1,883,230
Composite.....	18	63,000
Concrete.....	12	73,500
Total.....	2,312	13,636,711

(Details of number and dead-weight tonnage of each type constructed are shown on attached sheet marked Question No. 1.)

2. To be answered by Ship Sales Department.

3. To be answered by Ship Sales Department.

4. How many vessels are now being operated, and the kind?

	Number vessels.	Dead-weight tonnage.
Steel:		
Vessels.....	398	3,348,619
Tugs.....	12	
Total steel.....	410	3,348,619
Wood: Tugs.....	10	

(Details of types of active vessels, showing number and dead-weight tonnage, shown on attached sheet marked Question No. 4.)

5. How many vessels are now tied up, and the kind?

	Number vessels.	Dead-weight tonnage.
Steel.....	897	6,441,666
Wood.....	8	24,386
Concrete.....	9	54,861
Total.....	1,004	6,520,913

(Details shown on attached sheet marked Questions 4 and 5.)

6. How many of the total number of steel ships that we own are passenger ships?

	Number vessels.	Dead-weight tonnage.
Passenger vessels.....	40	472,922

(Three coolie carriers, of a total of 11,395 dead-weight tons, not included in the 40 passenger vessels.)

7. How many ships and the kinds has the board acquired by purchase and otherwise?

The number of vessels acquired by the board since its beginning to date by seizure (ex-German and Austrian vessels) and by purchase have been as follows:

Type.	Number vessels.	Dead-weight tons.
SEIZED VESSELS.		
Cargo.....	48	279,837
Passenger and cargo.....	36	347,018
Sailing vessels.....	9	24,570
Colliers.....	7	32,392
Motor.....	1	
Barge.....	3	
Total.....	104	683,817
PURCHASED VESSELS.		
Cargo.....	45	289,452
Passenger.....	5	22,904
Colliers.....	12	39,888
Tugs.....	13	
Total.....	75	352,244
Total seized and purchased vessels.....	179	1,036,061

Attached, for information, is copy of statement showing number and dead-weight tonnage of vessels at present controlled by the United States Shipping Board, segregated according to type and form of acquisition.



## Questions answered by ship sales department.

2. How many ships of the various kinds have been sold to which title has passed finally?

## Vessels sold or transferred and title finally passed.

	Sold.	Transferred to other departments.	Total.
Cargo.....	242	14	256
Passenger and transports.....	21	9	30
Tankers.....	54	12	66
Refrigerators.....	1	3	4
Tugs and barges.....	24	8	42
Total.....	352	46	398

3. How many ships of the various kinds have been sold under contract where the vessels have not been taken back?  
Vessels sold, on which title has not finally passed, and still in hands of purchasers—cargo, 2.

## QUESTION NO. 1.

## Construction program of the United States Shipping Board Emergency Fleet Corporation.

## 1. VESSELS DELIVERED.

	Number.	Dead-weight tons.
<b>A. REQUISITIONED STEEL.</b>		
Cargo.....	300	1,929,739
Tanker.....	53	519,030
Refrigerator.....	11	86,200
Transport.....	9	71,975
Collier.....	9	70,330
Passenger and cargo.....	2	9,972
Total.....	364	2,687,266
<b>B. CONTRACT STEEL.</b>		
Cargo (United States).....	1,086	7,296,205
Cargo (Japan).....	30	243,290
Cargo (China).....	4	40,000
Tanker.....	73	713,000
Tanker (Navy).....	12	131,000
Transport.....	13	107,800
Refrigerator.....	8	75,200
Passenger and cargo.....	23	299,000
Barge.....	6	22,200
Total.....	1,255	8,927,695
Total steel vessels.....	1,639	11,614,961
<b>C. CONTRACT WOOD (according to original design).</b>		
Cargo.....	304	1,121,350
Barge.....	28	71,000
Subtotal.....	332	1,192,350
<b>CONTRACT WOOD (according to altered design).</b>		
Tanker.....	1	4,700
Finished hull.....	115	447,700
Sailing vessel.....	10	34,500
Barge (converted).....	56	206,000
Subtotal.....	132	692,900
Total.....	314	1,885,250
<b>D. CONTRACT COMPOSITE.</b>		
Cargo.....	18	63,000
<b>E. CONTRACT CONCRETE.</b>		
Cargo.....	4	13,500
Tanker.....	8	60,000
Total.....	12	73,500

## QUESTION NO. 1—Continued.

## Construction program of the United States Shipping Board Emergency Fleet Corporation—Continued.

## 1. VESSELS DELIVERED—continued.

	Number.	Dead-weight tons.
<b>F. TUGS.</b>		
Steel ocean.....	46	
Steel harbor.....	8	
Wood ocean.....	13	
Wood harbor.....	62	
Total.....	129	
Grand total.....	2,312	13,636,711

## QUESTIONS NOS. 4 AND 5.

Status of vessels controlled by the United States Shipping Board Emergency Fleet Corporation, from data received as of November 25, 1922.

## STEEL VESSELS.

	Number.	Dead-weight tons.
<b>ACTIVE.</b>		
Cargo (operating in specified services, United States ports to foreign ports).....	297	2,491,108
Passenger and cargo (operating in specified services, United States ports to foreign ports).....	24	296,759
Cargo (United States coastwise).....	4	16,716
Cargo (between foreign ports).....	14	91,731
Coolie carriers and cargo (between foreign ports).....	3	11,395
Cargo (intercoastal).....	6	52,503
Tankers (United States to foreign ports).....	11	102,823
Tankers (United States coastwise).....	1	9,909
Cargo (at sea assigned for tie-up (includes 1-3525 B/B)).....	8	60,662
Cargo (Army service).....	1	10,013
Cargo (chartered to independent companies).....	9	30,717
Tankers (chartered to independent companies).....	2	15,665
Tugs.....	12	
Total active.....	392	3,190,001
<b>TEMPORARILY INACTIVE.</b>		
Cargo (repairing or awaiting repairs).....	10	82,262
Passenger and cargo (repairing or awaiting repairs).....	3	33,636
Cargo (in port, awaiting tie-up).....	1	9,740
Cargo (awaiting cargo).....	2	17,240
Cargo (idle account pier congestion).....	1	5,740
Tanker (in port awaiting tie-up).....	1	10,000
Total temporarily inactive.....	18	158,618
<b>INACTIVE.</b>		
Cargo (tied up).....	874	5,551,234
Passenger and cargo (tied up).....	12	127,527
Cargo (tied up but assigned).....	5	49,870
Cargo (awaiting assignment).....	9	69,545
Tankers (tied up).....	64	587,806
Tanker (awaiting assignment).....	1	9,799
Cargo (delayed ship sales).....	1	5,610
Passenger and cargo (reconditioning).....	1	15,000
Cargo (custody United States Shipping Board as mortgagee).....	2	15,821
Tugs (tied up).....	17	
Cargo (contract unfinished).....	1	9,400
Total inactive.....	987	6,441,615
<b>CONCRETE VESSELS.</b>		
Cargo (tied up).....	2	6,078
Tankers (tied up).....	7	48,733
Total concrete vessels.....	9	54,861
<b>WOOD AND COMPOSITE VESSELS.</b>		
Cargo (tied up).....	6	24,386
Tugs (active).....	10	
Tugs (tied up).....	2	
Total wood and composite vessels.....	18	24,386
Grand total, all vessels.....	1,424	9,809,482

<sup>1</sup> Total does not include 7 Army transports of 49,235 dead weight, title to which is vested in board, although physical delivery to board has not been effected.



The bulletin of the Department of Commerce, Bureau of Navigation, November 1, 1922, shows the list of American documented seagoing merchant vessels of 1,000 gross tons and over to be—  
Total steel vessels, 2,362; giving 11,352,982 gross tons.  
Total wood vessels, 324; giving 792,687 gross tons.  
Total steam and gas vessels, 2,686; giving 12,145,669 gross tons, or 17,419,734 dead-weight tons.

To this should be added the sailing vessels of 1,000 gross tons and over, American documented seagoing vessels, to wit—  
Total steel vessels, 103; giving 204,287 gross tons.  
Total wood vessels, 325; giving 527,651 gross tons.  
Total sail vessels, 428; giving 731,938 gross tons.

On June 30, 1914, we had—

242 wood sailing vessels and schooner barges, giving	gross tons	387,485
76 steel vessels, giving	do	140,918
Also steam and gas vessels—		
8 wood vessels, giving	do	10,595
429 steel vessels, giving	do	1,589,733
755 vessels (total)	do	2,128,731

On October 31, 1922, we had sailing vessels and schooner barges—		
325 wood vessels, giving	gross tons	527,651
103 steel vessels, giving	do	204,287
Steam and gas vessels—		
324 wood vessels, giving	do	792,687
2,362 steel vessels, giving	do	11,352,682
3,114 vessels (total)	do	12,877,607

In addition to the above there are American documented seagoing merchant vessels of 500 to 999 gross tons.

Total steam and gas, 111 vessels; 33,329 gross tons.  
Sailing vessels of 500 to 999 gross tons, 385 vessels; 299,343 gross tons.

On October 31, 1919, American documented seagoing merchant vessels engaged, there were—

2,174 vessels (in foreign commerce)	gross tons	7,708,105
840 vessels (in coasting trade)	do	1,628,075

3,014 vessels (total)	do	9,336,180
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On October 31, 1922, of these vessels, American documented seagoing merchant vessels, there were—

2,219 vessels (in foreign trade)	gross tons	9,717,356
1,391 vessels (in coasting trade)	do	3,542,923

3,610 vessels (total)	do	13,260,279
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#### QUESTION NO. 7—SUPPLEMENT.

Vessel property owned and controlled by the United States Shipping Board Emergency Fleet Corporation.

(Compiled as of November 25, 1922)

	Total.		Contract.		Requisitioned.		Purchased.		Seized enemy.	
	Number.	Dead-weight tons.	Number.	Dead-weight tons.	Number.	Dead-weight tons.	Number.	Dead-weight tons.	Number.	Dead weight tons.
<b>STEEL VESSELS.</b>										
Steam:										
Passenger and cargo	43	484,317	26	287,900					17	196,417
Cargo	1,230	8,457,896	1,001	6,873,799	199	1,357,223	17	143,585	13	83,289
Tankers	80	736,002	66	628,718	13	106,134	1	1,150		
Refrigerators	14	102,620	5	41,967	9	60,653				
Tugs	29		29							
Cargo (unfinished)	1	9,400	1	9,400						
Total steel	1,397	9,790,235	1,128	7,841,784	221	1,524,010	18	144,735	30	279,706
<b>CONCRETE VESSELS.</b>										
Steam:										
Cargo	2	6,078	2	6,078						
Tankers	7	48,783	7	48,783						
Total concrete	9	54,861	9	54,861						
<b>WOOD AND COMPOSITE.</b>										
Steam:										
Cargo	6	24,386	6	24,386						
Tugs	12		12							
Total wood and composite	18	24,386	18	24,386						
Total vessels <sup>1</sup>	1,424	9,869,482	1,155	7,921,031	221	1,524,010	18	144,735	30	279,706

<sup>1</sup> Includes 2 molasses tankers, dead-weight tonnage, 15,065.

<sup>2</sup> Does not include 7 Army transports, dead-weight tonnage, 49,235; title transferred to Shipping Board but no delivery made.

#### I. World tonnage. (100 tons and over.)

Flag.	June 30, 1914.					
	Steam and gas.		Sail.		Total.	
	Num-ber.	Gross.	Num-ber.	Gross.	Num-ber.	Gross.
American <sup>1</sup>	1,692	4,287,349	1,408	1,035,699	3,100	5,323,048
British <sup>2</sup>	10,123	20,523,706	1,205	521,343	11,328	21,045,049
Dutch	709	1,471,710	97	24,745	806	1,496,455
French	1,025	1,922,286	551	397,152	1,576	2,319,438
German	2,090	5,134,720	298	324,576	2,388	5,459,296
Japanese	1,103	1,708,386			1,103	1,708,386
Norwegian	1,656	1,957,353	535	547,369	2,191	2,504,722
Other countries, making gross total	24,444	45,403,877	6,392	3,685,675	30,836	49,089,552

<sup>1</sup> Including vessels on Great Lakes.

<sup>2</sup> United Kingdom, Australia, New Zealand, India, Canada, and other dominions, including vessels on Great Lakes.

All figures are taken from Lloyd's Register.

#### II. World tonnage. (100 tons and over.)

Flag.	June 30, 1922.					
	Steam and gas.		Sail.		Total.	
	Num-ber.	Gross.	Num-ber.	Gross.	Num-ber.	Gross.
American <sup>1</sup>	4,234	15,732,544	1,147	1,253,652	5,381	16,986,196
British <sup>2</sup>	10,263	21,615,009	1,058	427,611	11,321	22,042,620
Dutch	1,100	2,617,485	64	15,228	1,164	2,632,713
French	1,728	3,537,382	371	308,410	2,099	3,845,792
German	1,533	1,785,767	190	101,641	1,723	1,887,408
Japanese	2,026	3,586,918			2,026	3,586,918
Norwegian	1,716	2,417,680	136	183,181	1,852	2,600,861
Other countries, making gross total	20,255	61,342,952	4,680	3,027,834	33,935	64,370,786

<sup>1</sup> Including vessels on Great Lakes.

<sup>2</sup> United Kingdom, Australia, New Zealand, India, Canada, and other dominions, including vessels on Great Lakes.

All figures are taken from Lloyd's Register.



III.  
World tankers.<sup>1</sup>  
(500 gross tons and over.)

Flag.	June 30, 1920.					
	Steam and gas.		Sail and barge.		Total.	
	Num- ber.	Gross.	Num- ber.	Gross.	Num- ber.	Gross.
American.....	243	1,362,964	73	105,369	316	1,468,333
British.....	243	1,224,791	5	16,345	248	1,241,136
Dutch.....	33	93,893	5	4,728	38	98,621
French.....	6	21,311	1	3,203	7	24,514
Japanese.....	2	2,552			2	2,552
Norwegian.....	21	107,484			21	107,484
Other countries, mak- ing gross total.....	582	2,929,521	91	138,609	673	3,068,130

<sup>1</sup> Exclusive of Navy, Admiralty, and other Government tankers.  
All figures except for American tankers are prepared from Lloyd's Register.

IV.  
World tankers.<sup>1</sup>  
(500 gross tons and over.)

Flag.	June 30, 1922.					
	Steam and gas.		Sail and barge.		Total.	
	Num- ber.	Gross.	Num- ber.	Gross.	Num- ber.	Gross.
American.....	385	2,344,738	79	115,824	464	2,460,562
British.....	318	1,716,648	5	16,345	323	1,732,993
Dutch.....	39	121,179	3	2,171	42	123,350
French.....	17	88,951			17	88,951
Japanese.....	5	24,668			5	24,668
Norwegian.....	52	173,564			52	173,564
Other countries, mak- ing gross total.....	852	4,662,618	98	143,786	950	4,806,404

<sup>1</sup> Exclusive of Navy, Admiralty, and other Government tankers.  
All figures except for American tankers are prepared from Lloyd's Register.

V.  
World oil burners.<sup>1</sup>  
(500 gross tons and over.)

Flag.	June 30, 1920.					
	Steam engine.		Oil engine.		Total.	
	Num- ber.	Gross.	Num- ber.	Gross.	Num- ber.	Gross.
American.....	1,251	5,923,767	75	135,806	1,326	6,059,573
British.....	282	1,664,631	53	157,813	335	1,822,444
Dutch.....	74	221,253	18	29,202	92	250,455
French.....	14	60,738	7	13,098	21	73,836
Japanese.....	4	33,930	3	3,146	7	37,076
Norwegian.....	46	231,102	51	107,685	97	338,787
Other countries, making gross total.....	1,731	8,345,913	290	603,334	2,021	8,949,247

<sup>1</sup> Exclusive of Army, Navy, Admiralty, and other Government oil burners.  
Including oil burners on Great Lakes.  
All figures, except for American vessels, are prepared from Lloyd's Register.

Comparison of ownership of documented vessels on specified dates.

	Private ownership. (500 tons and over.)						United States Shipping Board. (1,000 tons and over.)						Grand total.	
	Steel.		Wood.		Total.		Steel.		Wood.		Total.			
	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.
July 1, 1917.....	814	2,807,266	738	756,894	1,552	3,564,160	19	76,160	-----	-----	19	76,160	1,571	3,640,320
July 1, 1918.....	829	2,955,516	820	867,809	1,649	3,813,325	231	929,140	4	9,918	235	939,058	1,884	4,752,383
July 1, 1919.....	815	2,905,224	861	932,427	1,676	3,827,651	790	3,312,713	192	514,490	982	3,827,203	2,658	7,754,854
July 1, 1920.....	888	3,364,108	886	1,011,505	1,774	4,375,613	1,347	6,146,612	283	756,516	1,630	6,903,128	3,404	11,278,741
July 1, 1921.....	1,032	4,195,206	893	1,045,424	1,925	5,240,630	1,519	7,247,284	279	746,487	1,798	7,993,771	3,723	13,234,401
February 1, 1922.....	1,077	4,528,206	872	1,025,790	1,949	5,553,996	1,485	7,080,610	269	718,629	1,754	7,799,239	3,703	13,353,234
March 1, 1922.....	1,054	4,516,210	862	1,018,004	1,916	5,534,214	1,487	7,103,426	265	707,484	1,752	7,810,910	3,668	13,341,125
April 1, 1922.....	1,053	4,515,510	867	1,025,494	1,920	5,541,004	1,485	7,099,414	264	704,549	1,749	7,803,963	3,669	13,394,967
May 1, 1922.....	1,058	4,549,926	866	1,031,010	1,924	5,580,936	1,481	7,080,921	260	691,457	1,741	7,772,378	3,665	13,353,314
June 1, 1922.....	1,062	4,583,770	865	1,030,714	1,927	5,614,484	1,479	7,087,116	255	677,991	1,734	7,765,107	3,661	13,379,599
July 1, 1922.....	1,075	4,640,345	858	1,023,978	1,933	5,664,323	1,465	7,034,296	246	652,677	1,711	7,686,973	3,644	13,351,216
August 1, 1922.....	1,090	4,708,905	858	1,027,889	1,948	5,736,794	1,456	6,981,872	244	647,909	1,699	7,629,781	3,642	13,366,575
September 1, 1922.....	1,094	4,719,855	854	1,027,374	1,948	5,747,229	1,436	6,921,998	243	645,061	1,679	7,567,059	3,627	13,314,288
October 1, 1922.....	1,102	4,735,311	850	1,028,094	1,952	5,763,405	1,423	6,875,601	240	636,865	1,663	7,512,466	3,615	13,275,871
November 1, 1922.....	1,110	4,769,082	850	1,028,843	1,960	5,797,925	1,413	6,833,092	237	629,262	1,650	7,462,354	3,610	13,280,279

VI.  
World oil burners.<sup>1</sup>  
(500 gross tons and over.)

Flag.	June 30, 1922.					
	Steam engine.		Oil engine.		Total.	
	Num- ber.	Gross.	Num- ber.	Gross.	Num- ber.	Gross.
American.....	1,720	8,710,935	70	146,152	1,790	8,857,087
British.....	530	3,143,816	71	316,612	601	3,460,428
Dutch.....	128	533,349	25	50,229	153	583,578
French.....	47	226,599	10	19,162	57	245,761
Japanese.....	29	202,381	4	5,171	33	207,552
Norwegian.....	104	511,096	71	157,723	175	668,819
Other countries, making gross total.....	2,694	13,838,178	416	1,166,370	3,110	15,004,548

<sup>1</sup> Exclusive of Army, Navy, Admiralty, and other Government oil burners.  
<sup>2</sup> Including oil burners on Great Lakes.

All figures, except for American vessels, are prepared from Lloyd's Register.

VII.

Comparison of ownership of documented vessels on specified dates.

PRIVATE OWNERSHIP.

(500 tons and over.)

Months.	Steel.		Wood.		Total.	
	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.
July 1, 1917.....	814	2,807,266	738	756,894	1,552	3,564,160
Nov. 1, 1922.....	1,110	4,769,082	850	1,028,843	1,960	5,797,925

UNITED STATES SHIPPING BOARD.

(1,000 tons and over.)

Months.	Steel.		Wood.		Total.	
	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.	Num- ber.	Gross tonnage.
July 1, 1917.....	19	76,160			19	76,160
Nov. 1, 1922.....	1,413	6,833,092	237	629,262	1,650	7,462,354
Grand total.						
					Num- ber.	Gross tonnage.
July 1, 1917.....					1,571	3,640,320
Nov. 1, 1922.....					3,610	13,280,279



United States Shipping Board documented vessels, by material and rig.

On—	Steel.						Wood.						Grand total.	
	Steam.		Sail.		Total.		Steam.		Sail.		Total.			
	No.	Gross.	No.	Gross.	No.	Gross.	No.	Gross.	No.	Gross.	No.	Gross.	No.	Gross.
July 1, 1917.....	15	66,237	4	9,923	19	76,160							19	76,160
July 1, 1918.....	225	914,812	6	14,328	231	929,140	3	8,451	1	1,467	4	9,918	235	939,058
December 1, 1918.....	444	1,776,233	6	14,328	450	1,790,561	90	245,556	1	1,467	91	247,023	541	2,037,584
July 1, 1919.....	784	3,298,385	6	14,328	790	3,312,713	188	509,073	4	5,417	192	514,490	982	3,827,203
July 1, 1920.....	1,341	6,132,284	6	14,328	1,347	6,146,612	289	751,071	3	5,445	293	756,516	1,630	6,903,128
July 1, 1921.....	1,513	7,232,956	6	14,328	1,519	7,247,284	274	735,413	5	11,074	279	746,487	1,798	7,993,771
February 1, 1922.....	1,481	7,071,260	4	9,350	1,485	7,080,610	265	709,761	4	8,868	269	718,629	1,754	7,999,239
March 1, 1922.....	1,484	7,102,736	3	6,690	1,487	7,109,426	262	700,812	3	6,672	265	707,484	1,752	7,816,910
April 1, 1922.....	1,482	7,092,724	3	6,690	1,485	7,099,414	261	697,877	3	6,672	264	704,549	1,749	7,803,933
May 1, 1922.....	1,478	7,074,231	3	6,690	1,481	7,080,921	257	684,785	3	6,672	260	691,457	1,741	7,772,378
June 1, 1922.....	1,476	7,080,426	3	6,690	1,479	7,087,116	252	671,319	3	6,672	255	677,991	1,734	7,765,107
July 1, 1922.....	1,464	7,031,514	1	2,782	1,465	7,034,296	243	646,005	3	6,672	246	652,677	1,711	7,686,973
August 1, 1922.....	1,449	6,979,090	1	2,782	1,450	6,981,872	242	643,454	2	4,455	244	647,909	1,694	7,629,781
September 1, 1922.....	1,435	6,919,216	1	2,782	1,436	6,921,998	241	640,606	2	4,455	243	645,061	1,679	7,567,059
October 1, 1922.....	1,422	6,872,819	1	2,782	1,423	6,875,601	238	632,410	2	4,455	240	636,865	1,663	7,512,466
November 1, 1922.....	1,412	6,830,310	1	2,782	1,413	6,833,092	235	624,807	2	4,455	237	629,262	1,650	7,462,354

Total United States Shipping Board tonnage documented.

(1,000 tons and over.)

	Steam.				Sail.				Total.	
	Steel.		Wood.		Steel.		Wood.			
	No.	Gross.	No.	Gross.	No.	Gross.	No.	Gross.	No.	Gross.
Shipping Board vessels lost.....	56	218,917	31	88,194			2	3,186	89	310,297
Shipping Board vessels sold to aliens.....	40	130,947	13	38,582					53	169,529
Shipping Board vessels sold to citizens.....	192	850,432	15	43,176					207	893,608
Shipping Board vessels transferred to United States.....	38	251,706			5	11,546	38	57,179	250	962,333
Shipping Board vessels abandoned (scrapped).....	1	2,391	15	39,131					38	251,706
Shipping Board tonnage reduced by readmeasurement or rebuilding.....		189,868		1,144					16	41,572
										182,012
Total documented tonnage removed from Shipping Board list.....	327	1,635,261	74	210,277	5	11,546	40	60,365	446	1,917,449
Documented tonnage in list November 1, 1922.....	1,412	6,830,310	235	624,807	1	2,782	2	4,455	1,650	7,462,354
Total Shipping Board tonnage documented prior to November 1, 1922.....	1,739	8,465,571	309	835,084	6	14,328	42	64,820	2,096	9,379,803

<sup>1</sup> These figures do not represent the whole tonnage owned by the United States Shipping Board prior to November 1, 1922, because a few vessels were sold, lost, transferred to the Navy, etc., before documents issued to them, and therefore they are not included in this statement.

## FINANCIAL AFFAIRS OF EUROPEAN STATES (S. DOC. 274).

Mr. LODGE. There was sent in by the President in response to Senate Resolution 208, of January 16, 1922, information regarding the revenues, expenditures, and deficits of the European States. It was referred to the Committee on Foreign Relations. It is a very valuable and important collection of statistics relating to the revenues, expenditures, and deficits of European States. I report it back and move that it be printed as a Senate document.

The motion was agreed to.

## APPROPRIATIONS FOR DEPARTMENTS OF COMMERCE AND LABOR.

Mr. JONES of Washington. I am directed by the Committee on Appropriations, to which was referred the bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes, to report it with amendments, and I submit a report (No. 947) thereon.

The VICE PRESIDENT. The bill will be placed on the Calendar.

## MEMORIAL BRIDGE ACROSS DELAWARE RIVER.

Mr. JONES of Washington. There was passed to-day Senate Joint Resolution 249, which I think was passed under the apprehension that it was an ordinary bridge bill. It is in fact a bill appropriating \$400,000 for the Government of the United States to act in conjunction with New Jersey and Pennsylvania in the building of a memorial bridge. The introducer of the joint resolution has agreed that the vote be reconsidered and that the joint resolution be referred to the Committee on Appropriations. So I ask that the votes by which the joint resolution was ordered to a third reading and passed may be reconsidered and that the joint resolution be referred back to the Committee on Commerce, and then that the Committee on Commerce be discharged from its further consideration and that it be referred to the Committee on Appropriations.

The VICE PRESIDENT. Without objection, the votes will be reconsidered and the joint resolution referred to the Com-

mittee on Commerce. Without objection, that committee will be discharged from the further consideration of the joint resolution and it will be referred to the Committee on Appropriations.

## RURAL CREDITS.

Mr. SIMMONS. I introduced April 20—calendar day, May 9—1922, the bill (S. 3578) to provide credit facilities for the preservation and development of the agricultural industry, including live stock, in the United States; to extend and stabilize the market for United States bonds and other securities; to create an agency for the liquidation of commercial assets owned by the United States, for acting when required as depository of funds belonging to the United States, and otherwise performing services as fiscal agent of the United States, and for other purposes.

This bill was referred to the Finance Committee. The Finance Committee has never taken any action upon it. The Committee on Banking and Currency is now having hearings with reference to the various credit bills which have been introduced. I ask unanimous consent that the Finance Committee be discharged from the further consideration of Senate bill 3578 and that it be referred to the Committee on Banking and Currency.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

## CREDENTIALS OF SENATOR REED OF PENNSYLVANIA.

The VICE PRESIDENT laid before the Senate a certificate of the Governor of Pennsylvania, which was ordered to be printed in the RECORD and filed, as follows:

IN THE NAME AND BY AUTHORITY OF THE  
COMMONWEALTH OF PENNSYLVANIA,  
Executive Department.

To the President of the Senate of the United States:

This is to certify that on the 7th day of November 1922, DAVID A. REED was duly chosen by the qualified electors of the State of Pennsylvania a Senator from said State to represent said State in the Senate of the United States for the term of six years beginning on the 4th day of March, 1923.

Witness his excellency our governor and our seal hereto affixed at the city of Harrisburg this 18th day of November, in the year of our Lord 1922.

[SEAL.]

By the Governor:

WM. C. SPROUL, Governor.

BERNARD J. MYERS,  
Secretary of the Commonwealth.

CREDENTIALS OF SENATOR-ELECT LYNN J. FRAZIER.

The VICE PRESIDENT laid before the Senate a certificate of the Governor of North Dakota, which was ordered to be printed in the RECORD and filed, as follows:

STATE OF NORTH DAKOTA—CERTIFICATE OF ELECTION.

At an election held on the 7th day of November, 1922, LYNN J. FRAZIER was duly elected to the office of United States Senator to represent the State of North Dakota for the term of six years commencing the 4th day of March, 1923.

Given at Bismarck this 7th day of December, 1922.

R. A. NESTOS, Governor.  
THOMAS HALL, Secretary of State.

Attest:

JOHN STEEN,  
Member of the Board of Canvassers.

BREEDING OF RIDING HORSES FOR THE ARMY.

The VICE PRESIDENT laid before the Senate a report of the Secretary of War, transmitted pursuant to law, relative to expenditures under the appropriation for the encouragement of breeding suitable riding horses for the Army, etc., which was referred to the Committee on Appropriations.

ORDER FOR RECESS.

Mr. JONES of Washington. Mr. President, there is an appropriation bill on the calendar which we would like to take up to-morrow, and I would like to get a little more time to be given to the shipping bill. So I ask unanimous consent that when the Senate adjourns to-day it adjourn to meet at 11 o'clock to-morrow morning instead of 12 o'clock. We will have the morning hour, and hope to pass the appropriation bill in that time, and to reach the consideration of the shipping bill by 1 o'clock at least.

Mr. FLETCHER. I am not disposed to raise any question about that suggestion. I do feel, however, that the Senator must concede that we have not interfered with the progress of the shipping bill in any way.

Mr. JONES of Washington. That is true.

Mr. FLETCHER. I know there are a number of committees meeting now considering very important measures, and they meet about 10 o'clock, though they usually do not get started until half past 10. If we meet at 11 o'clock to-morrow we might as well abandon the committee meetings.

Mr. JONES of Washington. I thought probably there might not be many Members especially concerned in the Department of Commerce appropriation bill and that we could take that up in the morning hour.

Mr. FLETCHER. I do not believe the Senator will save any time by meeting at 11 o'clock. I think if we began at 12 we would get along just as well.

Mr. SIMMONS. I want to say to the Senator that there are hearings now going on before the Committee on Banking and Currency which are very interesting, and quite a number of Senators who I know are interested in that class of legislation, and who are not members of the committee, are attending the hearings.

Mr. JONES of Washington. Would there be any objection to recessing until 12 o'clock and possibly laying the shipping bill aside in the hope of passing the Departments of Commerce and Labor appropriation bill? Then there might be other matters that could be taken up. I feel that we should give more time to the shipping bill under the circumstances. There is other legislation that will be coming in, and I would like to get as far along with the bill as possible. I do not want to press the bill unduly, however.

Mr. FLETCHER. May I ask the Senator what appropriation bill he expects to come up to-morrow?

Mr. JONES of Washington. The bill making appropriations for the Departments of Commerce and Labor.

Mr. FLETCHER. Are there many controverted questions in the bill?

Mr. JONES of Washington. I do not think there are any controverted questions in it.

Mr. FLETCHER. I do not know of any. I presume it will pass as quickly as the appropriation bill which we had under consideration to-day.

Mr. JONES of Washington. I think probably more quickly.

Mr. FLETCHER. I shall not make any objection to taking a recess until 12 o'clock.

Mr. JONES of Washington. I ask unanimous consent that when the Senate closes its session to-day it shall take a recess until to-morrow at 12 o'clock.

The VICE PRESIDENT. Is there objection? The Chair hears no objection, and it is so ordered.

# EXECUTIVE SESSION.

Mr. JONES of Washington. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened and (at 5 o'clock and 13 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Friday, December 15, 1922, at 12 o'clock meridian.

## CONFIRMATIONS.

Executive nominations confirmed by the Senate December 14, 1922.

### POSTMASTERS.

#### ALABAMA.

Lee M. Otts, Greensboro.  
Walter T. Cowan, Orrville.

#### ARIZONA.

Winchester Dickerson, Ashfork.

#### GEORGIA.

William L. Black, Allenhurst.  
Ailey M. Cherry, Donalsonville.  
Dana M. Lovvorn, Richland.  
Frank H. Moxley, Wadley.

#### KENTUCKY.

Charles A. Bickford, Hellier.  
Robert B. Waddle, Somerset.

#### MAINE.

John C. Arnold, Augusta.  
Cleo A. Russell, Bethel.  
Thomas R. McPhail, Thomaston.

#### MARYLAND.

Mary B. Workman, Fort Howard.  
Elwood C. Orrell, Greensboro.  
Elwood L. Murray, Hampstead.  
Anna B. Bowie, Kensington.  
Leslie W. Gaver, Middletown.  
Milton D. Reid, New Windsor.  
David S. Hickman, Snow Hill.  
William Melville, Sykesville.  
Harry L. Feeser, Taneytown.  
Elias N. McAllister, Vienna.  
Ernest W. Pickett, Woodbine.

#### MASSACHUSETTS.

Lora T. Smith, Feeding Hills.  
Alice D. Robbins, Littleton.  
Xavier A. Delisle, Lowell.

#### NEW JERSEY.

Alfred O. Kossow, Cedargrove.  
Caroline A. Cowan, Haworth.  
Ralph D. Childs, Rochelle Park.  
Luther S. Van Fleet, Three Bridges.

#### OKLAHOMA.

James L. Lane, Kiowa.

#### SOUTH CAROLINA.

James M. Graham, Alcolu.  
Robert L. Henderson, North Charleston.

## HOUSE OF REPRESENTATIVES.

THURSDAY, December 14, 1922.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Father in heaven, about Thy name cluster all the sacred hopes of the human breast. In the unfolding mystery of Thy power and compassion are hidden the aspirations and joys of future years. Each day-dawn marks the extended hand of Thy mercy. As Thou dost thus minister unto us, may we minister unto others. O bless us for the good that we may be able to do. Help us to do with all faithfulness the duties that are set for us. Fill us with all good purposes and send us forth in the service of our beloved country. Amen.

The Journal of the proceedings of yesterday was read and approved.